

PRESIDENT'S SECRETARIAT
(LIBRARY)

Accn. No. 4435

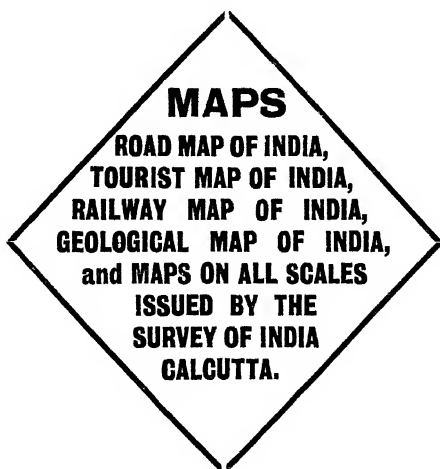
Class No. 330.957

The book should be returned on or before the date last stamped below.

[illegible]

INDIAN OFFICIAL PUBLICATIONS & MAPS

RELIABLE AND ACCURATE INFORMATION ON ALL SUBJECTS
CONNECTED WITH INDIA WILL BE FOUND IN PUBLICATIONS
ISSUED BY THE **GOVERNMENT OF INDIA** AND ALL LOCAL
GOVERNMENTS



For further particulars apply—

IF RESIDENT IN EUROPE OR AMERICA TO:—

The High Commissioner for India,
Public Department,
India House, Aldwych, London, W.C. 2.

IF RESIDENT IN INDIA TO:—

(For publications)
The Manager of Publications,
Government of India,
Central Publications Branch,
Civil Lines, Delhi.

(For Maps only)
The Survey of India,
13, Wood Street, Calcutta.

ADVERTISEMENTS

IN INDIAN OFFICIAL PUBLICATIONS ENABLE YOU
TO REACH THE PURCHASING PUBLIC IN INDIA.

Maps apply to:—

High Commissioner for India, Public Department, India House, Aldwych, London, W.C.2.

DEPARTMENT OF OVERSEAS TRADE

Report on Economic and Commercial Conditions in INDIA

By SIR THOMAS M. AINSCOUGH, C.B.E.

H.M. Senior Trade Commissioner in India and Ceylon

1935-36

(Revised to 31st July, 1936)

(The previous Report covered the year 1933-34)

Crown Copyright Reserved



LONDON

PRINTED AND PUBLISHED BY HIS MAJESTY'S STATIONERY OFFICE

To be purchased directly from H.M. STATIONERY OFFICE at the following addresses

Adastral House, Kingsway, London, W.C.2; 120 George Street, Edinburgh 2;

26 York Street, Manchester 1; 1 St. Andrew's Crescent, Cardiff;

80 Chichester Street, Belfast;

or through any bookseller

1936

Price 3s. 6d. net

Steel Brothers & Company, Ltd.

East India Merchants

Inland Telegrams : Steel, Telex, London
Telephone : Mansion House 0982 (5 lines)

Cables : Steel, Telex, London
Bentley's Code

Rice, Timber, Cotton, General Produce, Piece Goods, Hardware

SUBSIDIARY COMPANIES

The Burma Company, Ltd.	George Gordon & Co. (Burma) Ltd.
Carbutt & Co. (1928) Ltd.	Steel Brothers & Co. (Siam) Ltd.
The Indo-Burma Petroleum Co., Ltd.	The Consolidated Cotton & Oil Mills, Ltd.
Palestine Milling & Trading Co., Ltd.	

MANAGING AGENTS OF

The Indo-Burma Petroleum Co., Ltd.
The Attock Oil Company, Ltd.
Consolidated Cotton & Oil Mills, Ltd.
Burma Cement Co., Ltd.
The Pinyin Development Co., Ltd.

MANAGERS IN LONDON AND BURMA OF

Ellerman's Arracan Rice & Trading Co., Ltd., Burma Rice business.

AGENTS IN BURMA FOR

Bibby & Henderson Lines of Steamers. The India/Natal Service of Steamers.
The Indo-China Steam Navigation Co., Ltd.
Hall Line (at Bassein and Akyab).
The Scindia Steam Navigation Co., Ltd. (at Bassein).
Asiatic Steam Navigation Co., Ltd. (at Moulmein).

AGENTS IN SIAM FOR

Ben Line of Steamers (homeward).

AGENTS IN BURMA FOR

Lloyds at Rangoon.
The Salvage Association.
Liverpool Salvage Association.
Glasgow Salvage Association.
Marine Office of America, New York.

INSURANCE AGENCIES

Royal Insurance Co., Ltd.
Atlas Assurance Co., Ltd.
Law Union & Rock Insurance Co., Ltd.
Queensland Insurance Co., Ltd.
Union Insurance Society of Canton, Ltd.
South British Insurance Co., Ltd.
Merchants Marine Insurance Co., Ltd.
Alliance Assurance Co., Ltd.
London & Lancashire Fire Insurance Co., Ltd.
Northern Assurance Co., Ltd.
Manchester Assurance Co., Ltd.
Motor Union Insurance Co., Ltd.
North British & Mercantile Insurance Co., Ltd.
Ocean Accident & Guarantee Corporation, Ltd.
Sea Insurance Co., Ltd.

HEAD OFFICE:

6, FENCHURCH AVENUE, LONDON, E.C.3

HEAD OFFICE IN THE EAST:

MERCHANT STREET, RANGOON (Post Box 132)

BRANCHES AT:

Rangoon. Bassein. Moulmein. Akyab. Mandalay. Bombay. Calcutta.
Chittagong. Rawalpindi. Colombo. Bangkok. Cochín.



BY APPOINTMENT

GENERAL

ACCIDENT FIRE & LIFE

ASSURANCE CORPORATION, LTD.

CHIEF OFFICES:

GENERAL BUILDINGS, PERTH, SCOTLAND
GENERAL BUILDINGS, ALDWYCH, LONDON, W.C.2
OVER 140 BRANCHES IN THE BRITISH ISLES

CHIEF OFFICE FOR INDIA:

BANK OF BARODA BUILDING, APOLLO STREET,
BOMBAY [P.O. BOX 112]

BRANCHES AT CALCUTTA AND RANGOON

Agencies at Madras, Colombo, Aden, Basra
and Baghdad, Teheran, Mauritius, etc.



A WORLD-WIDE ORGANISATION WITH ASSETS
EXCEEDING £17,000,000, OFFERING ABSOLUTE
SECURITY AND UNRIVALLED SERVICE IN
ALL CLASSES OF INSURANCE

INDIA

Bombay - Calcutta - Karachi - Madras
Delhi - Lahore

BURMA
RANGOON



CHINA
SHANGHAI

WILLIAM JACKS & CO.

HEAD OFFICE:

Winchester House,
Old Broad Street,
LONDON - E.C.2

Middlesbro' - Glasgow - Birmingham
Liverpool

ASSOCIATED WITH

WILLIAM JACKS & Co. (Malaya) Ltd.

Singapore - Penang - Kuala Lumpur
Port Swettenham - Ipoh

CRITTALL MANUFACTURING Co.
(India) Ltd., Bombay

**ENGINEERS & MERCHANTS
IMPORTERS & EXPORTERS**

The Chartered Bank of India, Australia and China

38, Bishopsgate, LONDON, E.C.2

Incorporated by Royal Charter

Capital - - £3,000,000
Reserve Fund - - £3,000,000

Court of Directors:

ARTHUR d'ANYERS WILLIS, Esq., *Chairman*.
COLIN FREDERICK CAMPBELL, Esq.
SIR WILLIAM HENRY NEVILLE GOSCHEN, Bt., K.B.E.
MOSES MORDECAI SIMEON GUBBAY, Esq., C.S.I., C.I.E.
THE EARL OF INCHCAPE.
ARCHIBALD AULDJO JAMIESON, Esq.
EDWARD FAIRBAIRN MACKAY, Esq.
SIR HENRY PELHAM WENTWORTH MACNAGHTEN.
SIR WILLIAM FOOT MITCHELL.
ARCHIBALD ROSE, Esq., C.I.E.
JASPER BERTRAM YOUNG, Esq.

A. H. FERGUSON, *Chief Manager*.
- W. B. WHITE, *Manager*.

Agencies and Branches:

ALOR STAR	HAMBURG	KUCHING	SEREMBAN
(Malay States)	HANKOW	(Sarawak)	SHANGHAI
AMRITSAR	HARBIN	MADRAS	SINGAPORE
BANGKOK	HONGKONG	MANILA	SOURABAYA
BATAVIA	ILOILO	MEDAN	TAIPING
BOMBAY	IPOH	NEW YORK	(F.M.S.)
CALCUTTA	KOBE	PEIPING	TIENTSIN
CANTON	KARACHI	(Peking)	TONGKAH
CAWNPORE	KLANG	PENANG	(Bhuket)
CEBU	KUALA	RANGOON	TSINGTAO
COLOMBO	KANGSAR	SAIGON	YOKOHAMA
DELHI	KUALA	SEMARANG	ZAMBOANGA
HAIPHONG	LUMPUR		(Philippine Is.)

Drafts issued on the above-mentioned Agencies and Branches, Bills of Exchange bought and received for collection, Letters of Credit and Travellers' Cheques issued, and every description of Banking business transacted

THE BANK IS PREPARED TO UNDERTAKE
TRUSTEESHIPS AND EXECUTORSHIPS

THE EASTERN BANK LIMITED

Head Office

CROSBY SQUARE,
BISHOPSGATE, LONDON, E.C.3

Subscribed Capital-	-	-	-	-	-	£2,000,000
Paid-up Capital	-	-	-	-	-	£1,000,000
Reserve Fund -	-	-	-	-	-	£500,000
Reserve Liability of Shareholders	-	-	-	-	-	£1,000,000

BRANCHES

BOMBAY	MADRAS	BAGHDAD	KIRKUK
CALCUTTA	COLOMBO	BASRA	MOSUL
KARACHI	SINGAPORE	AMARA	BAHRAIN

BOARD OF DIRECTORS

Chairman :

J. S. HASKELL, Esq.

Deputy-Chairman :

SIR JAMES LEIGH-WOOD, K.B.E., C.B., C.M.G.

G. BROMLEY-MARTIN, Esq. CAPT. DEREK FITZGERALD.

AUGUSTE CALLENS, Esq. SIR PERCY WILSON NEWSON, Bt.

SIR THOMAS J. STRANGMAN

General Manager :

F. H. SUTTON

Conducts all descriptions of Banking business with the East
Current Accounts are opened and Fixed Deposits are received
at rates of interest which may be ascertained on application

Executor and Trustee business undertaken

NATIONAL BANK OF INDIA

LIMITED

Registered in London under the Companies Act of 1862 on the
23rd March, 1866

Established in Calcutta 29th September, 1863

Bankers to the Government in Kenya (British East Africa) and Uganda

Subscribed Capital	-	-	-	£4,000,000
Paid-up Capital	-	-	-	£2,000,000
Reserve Fund	-	-	-	£2,200,000

BOARD OF DIRECTORS:

R. LANGFORD JAMES, Esq., *Chairman*

J. A. SWAN, Esq., *Deputy Chairman*,

HON. E. JULIAN HAWKE.

J. R. H. PINCKNEY, Esq., C.B.E.

SIR JOHN P. HEWETT, G.C.S.I.,
K.B.E., C.I.E.

W. SHAKSPEARE, Esq.

General Manager: W. ROSS MUNRO, Esq.

London Manager: E. H. LAWRENCE, Esq.

HEAD OFFICE:

26, BISHOPSGATE, LONDON, E.C.2

Branches:

ADEN
ADEN POINT
AMRITSAR
BOMBAY
CALCUTTA
CAWNPORE
ZANZIBAR

CHITTAGONG
COCHIN (S. INDIA)
COLOMBO
DELHI
KANDY
KARACHI

LAHORE
MADRAS
MANDALAY
NUWARA ELIYA
RANGOON
TUTICORIN

KISUMU
MOMBASA
NAIROBI
NAKURU

} Kenya Colony, B.E.A.

ENTEBBE
JINJA
KAMPALA
DAR-ES-
SALAAM
MWANZA
TANGA

} Uganda

} Tanganyika Territory

Agents in Galle, Ceylon: Messrs. Clark, Spence & Co.

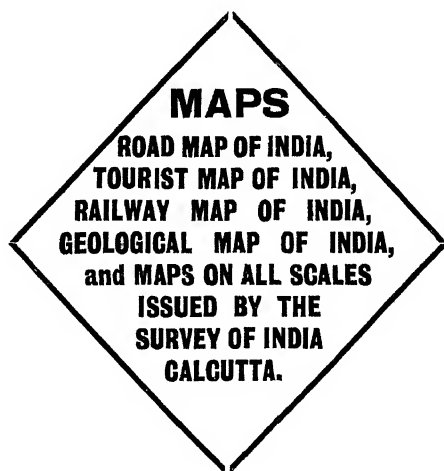
London Bankers:

BANK OF ENGLAND; NATIONAL PROVINCIAL BANK, LIMITED;
NATIONAL BANK OF SCOTLAND, LIMITED

The Bank grants Drafts and Telegraphic Transfers on all places where it is represented; negotiates and collects Bills of Exchange; collects Pay, Pensions, and generally transacts every description of Eastern Banking business. Current Accounts are opened and Deposits are received for fixed periods, not exceeding one year, at rates to be obtained on application. Circular Letters of Credit, available throughout the world, are issued to Constituents at Head Office and Branches. Trusteeships and Executorships undertaken.

INDIAN OFFICIAL PUBLICATIONS & MAPS

RELIABLE AND ACCURATE INFORMATION ON ALL SUBJECTS
CONNECTED WITH INDIA WILL BE FOUND IN PUBLICATIONS
ISSUED BY THE **GOVERNMENT OF INDIA** AND ALL LOCAL
GOVERNMENTS



For further particulars apply—

IF RESIDENT IN EUROPE OR AMERICA TO:—

The High Commissioner for India,
Public Department,
India House, Aldwych, London, W.C. 2.

IF RESIDENT IN INDIA TO:—

(For publications)
The Manager of Publications,
Government of India,
Central Publications Branch,
Civil Lines, Delhi.

(For Maps only)
The Survey of India,
13, Wood Street, Calcutta.

ADVERTISEMENTS

IN INDIAN OFFICIAL PUBLICATIONS ENABLE YOU
TO REACH THE PURCHASING PUBLIC IN INDIA.

For particulars apply to:—

The High Commissioner for India, Public Department, India House, Aldwych, London, W.C.2.

DEPARTMENT OF OVERSEAS TRADE

Report on Economic and Commercial Conditions in INDIA

By SIR THOMAS M. AINSCOUGH, C.B.E.
H.M. Senior Trade Commissioner in India and Ceylon

1935-36

(Revised to 31st July, 1936)

(The previous Report covered the year 1933-34)

Crown Copyright Reserved



LONDON

PRINTED AND PUBLISHED BY HIS MAJESTY'S STATIONERY OFFICE

To be purchased directly from H.M. STATIONERY OFFICE at the following addresses
Adastral House, Kingsway, London, W.C.2; 120 George Street, Edinburgh 2;
26 York Street, Manchester 1; 1 St. Andrew's Crescent, Cardiff;
80 Chichester Street, Belfast;
or through any bookseller

1936

Price 3s. 6d. net

DEPARTMENT OF OVERSEAS TRADE

COMMERCIAL REPRESENTATION ABROAD.

To foster British overseas trade, the Department controls the following services of Commercial Intelligence Officers:—

1. IN THE EMPIRE.

The Trade Commissioner and Imperial Trade Correspondent Services.

At the present time there are 16 Trade Commissioners' offices. These are situated, four in Canada (Montreal, Toronto, Vancouver, Winnipeg); two each in South Africa (Capetown, Johannesburg), Australia (Sydney, Melbourne), India (Calcutta and Bombay—to cover also Ceylon), and British West Indies (Trinidad, Jamaica); and one each in New Zealand (Wellington), Irish Free State (Dublin), Malaya (Singapore) and British East Africa (Nairobi).

The Trade Commissioners have the assistance of Imperial Trade Correspondents at a number of important centres.

There are also Imperial Trade Correspondents in those parts of the Empire to which Trade Commissioners have not been appointed.

The Department is represented in India, Burma and Ceylon by Sir Thomas M. Ainscough, C.B.E., H.M. Senior Trade Commissioner, whose headquarters are at Calcutta; Mr. A. Schofield, H.M. Trade Commissioner, Calcutta; and Mr. W. D. Montgomery Clarke, H.M. Trade Commissioner, Bombay.

2. IN FOREIGN COUNTRIES.

(a) The Commercial Diplomatic Service attached to the British Diplomatic Missions.

There are 38 Commercial Diplomatic posts situated in all the more important foreign markets of the world. The members of the Commercial Diplomatic Service are styled "Commercial Counsellors" in the highest grade, and "Commercial Secretaries" in the three lower grades. They are members of the staff of the British Embassy or Legation in which they serve.

The Commercial Diplomatic Officer has general supervision over the commercial work of the consular officers in his area, and with the co-operation of these two services, a complete network of Government commercial representatives is thrown over foreign countries.

(b) The British Consular Service.

Particular attention has been given to the commercial side of consular work since the re-organisation of the service. In certain countries where no Commercial Diplomatic Officer is stationed the senior Consular Officer undertakes duties of a similar character.

Further information regarding the above services can be obtained on application to the Department of Overseas Trade, 35, Old Queen Street, London, S.W.1.

Members of United Kingdom firms are urged to call upon the Department's representative abroad when they visit an overseas country. It is also important that they should make a point of their representatives abroad keeping in close touch with the Department's officers.

NOTE.

It should be understood that the views expressed in annual reports are the views of the officers themselves, and are not necessarily in all respects those of the Department.

TABLE OF CONTENTS

	<i>Page</i>
COVERING DESPATCH	xi
PREFATORY TABLES :—	
(i) Trade Distribution : Principal Articles. Table showing variations in the shares of the principal articles in the Import and Export Trade of British India during the last three years, compared with averages of the pre-war and war periods	xii
(ii) Trade Distribution : Principal Countries. Table showing variations in the shares of the principal countries in the Import and Export Trade of British India during the last three years, compared with averages of the pre-war and war periods	xiii
COMMERCIAL SUMMARY	xiv

CHAPTER I.

GENERAL REVIEW OF THE PERIOD.

India's Export Trade, 1935-36	4
India's Import Trade, 1935-36	7
The Outlook in the Import Trade	13
General Position of British Trade in India	19
Denunciation of the Ottawa Agreement	25
Exceptional German Trade Methods	26
Sanctions against Italy	28
The Balance of Trade	29
The Course of Exchange	31
Remittances to the United Kingdom by the Reserve Bank	31
The Bank Rate	33
The Year's Loans	33
Treasury Bills	34
The Reserve Bank	34
Cheque Clearances	37
Notes in Circulation	37
Index Numbers of Indian Securities	37
3½ per cent. Government Paper	37
Non-speculative Industrial Securities (mainly Debentures and Preference Shares)	37
Speculative Securities	38
The Public Debt	38
The Indian Budget	40
Financial Year 1934-35	40
Financial Year 1935-36	40
Estimates for the Financial Year 1936-37	41
Disposal of the Surplus for 1934-35	41
Disposal of the Surplus for 1935-36	42
Disposal of the Surplus for 1936-37	43

	<i>Page</i>
The Railway Budget	43
Estimates for 1936-37	44
Capital Works Programme in 1936-37	45
Rolling Stock Programme for 1936-37	46
Railway Earnings and Wagon Loadings	47
The Central Budget and the Reforms Scheme	47
The Niemeyer Financial Enquiry	47
Conclusions of the Government of India with regard to the Niemeyer Enquiry	49
Decision of the Secretary of State for India	50
The Separation of Burma	52
Road Development in India	54
Position of the Road Fund	54
Reserve in Road Fund	55
Road Development in Sind	56
Orissa and Eastern States Road Survey	56
Preliminary Road Survey in Bengal	56
Capital Programme	56
Indian Roads Congress	57
Road-Rail Co-ordination ; Transport Advisory Council	57
Indian Joint Stock Companies in 1935-36	57
Flotations	57
Liquidations	58
Indian Working Class Cost of Living Numbers	58
Bombay	58
Ahmedabad	58
Sholapur... ..	58
Nagpur	58
Jubbulpore	58
Rangoon... ..	58
Patents and Designs	58
Electrical Industry	59
Chemical Industries	59
Transport	59
Agriculture	59
Textile Industry	59
Building Industry	60
Engines and Power	60
Designs	60
Radio Telegraphy and Telephony	61
Cable and Wireless Services	61
Overseas Telephone Service	61
Radio Telegraph-Telephone Service	61
Radio Broadcasting	62
Aerodrome Wireless	62
Point to Point Services	62
Bombay—Ahmedabad Telephone Service	62
Future Developments	62
Broadcasting	63
Rural Broadcasting	66
Need for United Kingdom Receiving Sets	67

	<i>Page</i>
Civil Aviation	68
Regular Air Services	68
Imperial Airways Ltd. and Indian Trans-Continental Airways, Ltd.	68
Karachi-Singapore Section	69
Foreign Air Services	70
K.L.M. and Air France	70
Indian Internal Services :—	
Tata Sons, Ltd., Karachi—Bombay—Madras Service	71
Indian National Airways	71
Himalaya Airways Ltd.	72
Irrawaddy Flotilla and Airways Ltd.	72
Miscellaneous Flying and Commercial Activities :—	
Air Survey and Photography	72
Non-Regular Air Transport	72
Imports of Aircraft and Aircraft Material	73
De Havilland Aircraft Co. Ltd.	73
Ground Organisation :—	
Revised Capital Works Programme	73
Empire Air Mail Scheme	75
The New Howrah Bridge	76

CHAPTER II.

AN ACCOUNT OF THE FURTHER DEVELOPMENT OF PURCHASES OF GOVERNMENT STORES BY THE INDIAN STORES DEPARTMENT, THE RAILWAY ADMINISTRATIONS AND OTHER DEPARTMENTS OF THE GOVERNMENT OF INDIA.

	<i>Page</i>
The Indian Stores Department in 1935-36	77
The Operation of the Rupee Tender Rules	77
Indents on the Director-General, India Store Department, London, and firms abroad	77
Utilisation of the Services of the Indian Stores Department by authorities outside India	78
Variations in Demands	78
Purchases on behalf of the Defence Department	79
Purchases on behalf of Civil Departments of the Central Government	79
Purchases on account of Railway Administrations... ..	79
Purchases on behalf of Provincial Governments	80
Details of Important Purchases :—	
Textile and Leather Stores	81
Engineering, Hardware and Miscellaneous Stores	81
Details of Important Purchases of Engineering and Miscellaneous Stores	82
Encouragement of Indian Industries and Purchases of Indigenous Products	84
Carriage and Wagon Fittings	84
Castings	84
Wagons	84
Enamelled Plates and Mouldings	84
Irrigation Pumps	84
Tie Bars	85
Lead Seals	85
Earthenware troughing, blue Staffordshire tiles and bridges earthenware	85
Hurricane Lanterns	85
Electric Lamps	85
Whistles with Chains	85
Flannel, silver-grey	85
Vests and Drawers, woollen, knitted	85
Mosquito Netting	86
Important Purchases of Articles of Indian Manufacture	86

The Indian Stores Department in 1935-36— <i>contd.</i>	<i>Page</i>
Exhibition of Indian Manufactures	88
Certification of Material for exemption of Customs Duty	88
Purchases of Railway Materials	88
Purchase of Stores by Railways through the Indian Stores Department ...	89
Purchase of Army Requirements	90
Department of Posts and Telegraphs	91
The Canteen Contractors' Syndicate, Ltd.	92

CHAPTER III.

A NOTE OF THE ACTIVITIES OF THE INDIAN TARIFF BOARD DURING THE PERIOD WITH SPECIAL REFERENCE TO THE RECENT ENQUIRIES INTO THE CASE FOR PROTECTION OF THE INDIAN COTTON TEXTILE INDUSTRY AGAINST IMPORTS FROM THE UNITED KINGDOM AND OF THE INDIAN WOOLLEN INDUSTRY AGAINST IMPORTS FROM ALL SOURCES.

	<i>Page</i>
The Enquiry regarding the level of duties necessary to afford adequate protection to the Indian Cotton Textile Industry against imports from the United Kingdom of Cotton Piecegoods and Yarn, Artificial Silk Fabrics and Mixture Fabrics of Cotton and Artificial Silk	94
Summary of the Report	97
Decision of the Government of India	100
Enquiry into the Woollen Textile Industry	101
Recommendations of the Tariff Board	103
Decision of the Government of India	104
The Worsted Industry	105
The Woollen Industry	105
Enquiry into the Glass Industry	106
Enquiry into the case for rectification of Tariff Inequality in respect of Carbon Blocks imported for the manufacture of Carbon Brushes used in the Electrical Industry	109
Enquiry into the case for rectification of the Tariff Inequality in respect of Healds and Reeds	109
Enquiry into the case for rectification of Tariff Inequality in respect of the manufacture of Shuttles	110
Enquiry into the classification of Paper for Tariff Purposes	112
Appendix	114

CHAPTER IV.

DETAILED EXAMINATION OF THE LEADING IMPORT TRADES WITH SPECIAL REFERENCE TO CHANGES IN THE CHARACTER, VOLUME AND ORIGIN OF THE IMPORTS DURING THE FISCAL YEAR APRIL 1ST, 1935, TO MARCH 31ST, 1936.

Manufactured and Mainly Manufactured Goods.	<i>Page</i>
Cotton Textiles :—	
Yarns	115
Indian Yarn Production	117
Piecegoods	119
Varieties of Piecegoods imported	120
Sources of Imports :—	
Plain Grey Goods	122
Bordered Grey Goods	122
Bleached Goods	123
Printed Goods	123
Dyed Goods	124
Woven Coloured Goods	124
Fents of all descriptions	125

Manufactured and Mainly Manufactured Goods—*contd.*

Page

Cotton Textiles—*contd.*

Percentage Shares of the Principal Competitors in the Total	
Quantities of Piecegoods imported	125
Indian Mill Competition	126
Cloth Consumption in India	127
Conditions in the large import markets :—	
Calcutta	129
Bombay	130
Karachi	131
Madras	132
General Forecast (June, 1936)	132
Raw Cotton	134
Indian Cotton to Lancashire	134
Cotton Sewing Threads	135
Artificial Silk Yarns	135
Piecegoods made entirely of Artificial Silk	136
Piecegoods of Cotton and Artificial Silk	136
Flax Manufactures	137
Jute Manufactures	137
Silk Manufactures	137
Silk Mixture Cloths	138
Woollen Manufactures	139
Woollen and Worsted Piecegoods	139
Woollen Mixture Cloths	140
Woollen Shawls	140
Machinery and Millwork	141
Cotton Textile Machinery	142
Woollen Manufacturing Machinery	143
Electrical Machinery	143
Boilers	144
Prime Movers (other than Electrical)	145
Agricultural Machinery	145
Mining Machinery... ..	146
Metal Working Machinery (including Machine Tools)	147
Oil Crushing and Refining Machinery	147
Paper Mill Machinery	147
Pumping Machinery	148
Refrigerating Machinery	148
Rice and Flour Mill Machinery	148
Saw-mill and Woodworking Machinery	149
Sewing and Knitting Machines (including parts)	149
Sugar Machinery	150
Tea Machinery	150
Typewriters	151
Other Sorts of Machinery	151
Iron and Steel	151
Production and Development of the Tata Iron and Steel Works	152
Projected Steel works Extensions in India	153
Origin of the Imports of Iron and Steel	154
Bars (other than Cast Steel)	156
Beams, Channels, Pillars, Girders and Bridgework	157
Bolts and Nuts	157
Fencing Materials (including Fencing Wire)	157
Hoops and Strips	157
Nails, Rivets and Washers (other than Wire Nails)	157
Cast Pipes and Fittings	158
Rails, Chairs and Fishplates	158

Manufactured and Mainly Manufactured Goods—contd.*Page***Belting for Machinery :—**

Cotton Belting 186

Leather Belting 186

Belting of other materials (including Coir) 186

Bobbins 187

Books and Printed Matter 187

Stationery (excluding Paper) 187

Tobacco 188

Rubber Manufactures :—**Rubber Tyres :—**

Pneumatic Motor Covers 189

Pneumatic Motor Cycle Covers 190

Pneumatic Cycle Covers 190

Solid Rubber Tyres for Motor Vehicles 190

Other Manufactures of Rubber (except Apparel and Boots and Shoes) 190

Instruments, Apparatus, Appliances and Parts thereof :— 191

Musical Instruments 191

Optical Instruments 191

Cinematograph Films :—

Raw 192

Exposed 192

Photographic Apparatus 193

Scientific and Philosophical Instruments 193

Surgical Instruments 193

Radio Apparatus 193

Electrical Apparatus 194

Earthenware and Porcelain 196

Glass and Glassware 196

Building and Engineering Materials (other than Iron, Steel and Wood) ... 197

Cement 198

Hardware (excluding Cutlery and Electro-plated Ware)... .. 199

Agricultural Implements 200

Galvanised Buckets 200

Builders Hardware, such as Locks, Hinges, Door Bolts, etc. 200

Domestic Hardware 201

Enamelled Ironware 201

Gas Mantles 201

Implements and Tools 201

Metal Lamps 202

Safes and Strong Boxes of Metal 202

Stoves 202

Other Sorts 202

Cutlery 202

Polishes 203

Arms, Ammunition and Military Stores 203

Brushes and Brooms 204

Toys and Requisites for Games and Sports 204**Tea Chests (entire or in sections)** 205**Umbrella and Umbrella Fittings** 205

Umbrella Fittings 206

Jewellery and Plate (excluding Imitation Jewellery, Precious Stones and Pearls unset) 206

Manufactured and Mainly Manufactured Goods—<i>contd.</i>										<i>Page</i>
Electro-plated Ware	...	...	...	...	...	...	...	...	...	206
Carriages and Carts, and Parts thereof	...	...	...	...	...	...	...	...	...	206
Oil Cloth and Floor Cloth	...	...	...	...	...	...	...	...	...	206
Furniture and Cabinet Ware	...	...	...	...	...	...	...	...	...	207
Manures (excluding Oil Cakes)	...	...	...	...	...	...	...	...	...	207
Matches	...	...	...	...	...	...	...	...	...	208
Packing (Engine and Boiler) of all kinds (excluding Asbestos)	...	...	...	...	...	...	...	...	...	208
Toilet Requisites	...	...	...	...	...	...	...	...	...	209
Articles imported by post (not included elsewhere)	...	...	...	...	...	...	...	...	...	209
Raw Materials and Semi-Manufactured Articles.										
Coal	...	...	...	...	...	...	...	...	...	210
Coke	...	...	...	...	...	...	...	...	...	210
Mineral Oils	...	...	...	...	...	...	...	...	...	210
Kerosene Oil	...	...	...	...	...	...	...	...	...	210
Fuel Oils	...	...	...	...	...	...	...	...	...	211
Petrol	...	...	...	...	...	...	...	...	...	211
Batching Oils	...	...	...	...	...	...	...	...	...	211
Other Lubricating Oils	...	...	...	...	...	...	...	...	...	211
Salt	...	...	...	...	...	...	...	...	...	212
Sugar	...	...	...	...	...	...	...	...	...	212
Sugar, 23 Dutch Standard and above	...	...	...	...	...	...	...	...	...	213
Sugar, below 23 Dutch Standard but not below 16 Dutch standard	...	...	...	...	...	...	...	...	...	213
Beet Sugar	...	...	...	...	...	...	...	...	...	213
Imports into the Maritime States of Kathiawar	...	...	...	...	...	...	...	...	...	214

APPENDICES.

I.—Provisional Draft of India and Burma Regulation Order	...	...	...	216
II.—Value of Trade with Principal Countries, distinguishing Principal Articles	...	...	...	221

COVERING DESPATCH

*To the Right Honourable Walter Runciman, P.C., M.P.,
President of the Board of Trade.*

SIMLA,
31st July, 1936.

SIR,

I have the honour to forward for your information a Report on Economic and Commercial Conditions in India during the Indian fiscal year 1935-36 revised to the 31st July, 1936.

Although India's total imports advanced during the period under review from Rs.132 crores to Rs.134 crores, it is somewhat disappointing to record that the share of the United Kingdom fell actually from Rs.53½ crores to Rs.52 crores and relatively from 40·6 per cent. to 38·8 per cent. This regression is almost entirely due to a material reduction in the imports of cotton piecegoods by no less than Rs.2·15 crores. The increasing competition of the Indian textile industry, the lack of purchasing power, the high rate of import duties and the uncertainty with regard to the future fiscal treatment of Lancashire goods combined to reduce imports of United Kingdom piecegoods to the low level of 440 million yards. Minor declines were noticeable in the percentage of the trade secured in iron and steel and non-ferrous metals.

In the wide variety of miscellaneous trades, apart from the items referred to above, the relative position of the United Kingdom has been generally well maintained, and in many instances has shown improvement, due, in part no doubt, to the beneficial effect of the Ottawa preferences. The threat to our trade has been in items where German subsidised competition has been effective at prices in some cases fully 20 per cent. below the United Kingdom level or where Japanese shipments at equally non-competitive prices have proved to be impossible to meet. In these cases no reasonable percentage of fiscal preference would have availed. For the rest, there is no doubt that the Ottawa preferences have been of value in assisting United Kingdom exporters to maintain their position vis-à-vis Continental and U.S.A. competitors.

Once again I have pleasure in acknowledging my indebtedness to the officials of the Commerce, Industries and Finance Departments of the Government of India for their unfailing support and assistance during the year. Special thanks are due to the Director-General of Commercial Intelligence and Statistics and his staff, who have prepared many of the tables embodied in the Report, to the Members of the Central Board of Revenue, and to the Collectors of Customs for their valuable help and co-operation which have always been so willingly rendered.

I have the honour to be,

Sir,

Your most obedient servant,

THOMAS M. AINSCOUGH,
H.M. Senior Trade Commissioner in India.

PREFATORY TABLES

NOTE.—*The author desires to express his indebtedness to the Director-General of Commercial Intelligence and Statistics for the particulars given in these tables.*

I.—Trade Distribution : Principal Articles.

TABLE SHOWING VARIATIONS IN THE SHARES OF THE PRINCIPAL ARTICLES IN THE IMPORT AND EXPORT TRADE OF BRITISH INDIA DURING THE LAST THREE YEARS, AS COMPARED WITH AVERAGES OF THE PRE-WAR AND WAR PERIODS.

IMPORTS (in percentages).

(Sea borne : exclusive of treasure and of imports on Government account.)

—	1909-14 Average.	1914-19 Average.	1933-34.	1934-35.	1935-36.
Cotton manufactures	36	35	15	16	16
Iron and Steel	7	6	5	5	5
Machinery	4	4	11	10	10
Sugar	9	10	2	2	1
Hardware	2	2	3	2	2
Mineral Oil	3	3	5	5	4
Silk manufactures	3	2	2	2	2
Other articles	36	38	57	58	60

EXPORTS (in percentages).

(Sea borne : exclusive of treasure and of exports on Government account.)

—	1909-14 Average.	1914-19 Average.	1933-34.	1934-35.	1935-36.
Jute, raw and manufactures ...	19	25	22	21	24
Cotton, raw and manufactures ...	15	16	21	25	24
Food grains	21	17	8	8	7
Seeds	11	6	9	7	6
Tea	6	8	13	13	12
Hides and Skins	7	8	3	2	2
Other articles	21	20	24	24	25

II.—Trade Distribution : Principal Countries.

TABLE SHOWING VARIATIONS IN THE SHARES OF THE PRINCIPAL COUNTRIES IN THE IMPORT AND EXPORT TRADE OF BRITISH INDIA DURING THE LAST THREE YEARS, AS COMPARED WITH AVERAGES OF THE PRE-WAR AND WAR PERIODS.

IMPORTS (in percentages).

(Sea borne : exclusive of treasure and of imports on Government account.)

—	1909-14 Average.	1914-19 Average.	1933-34.	1934-35.	1935-36.
United Kingdom	63	56	41	41	39
Other parts of the British Empire	7	9	9	9	10
U.S.A.	3	7	6	6	7
Japan	2	10	14	16	16
Java	6	8	2	1	1
Germany	6	1	8	8	9
Other Foreign Countries	13	9	20	19	18

NOTE.—Imports from Germany during the quinquennium 1914-19, consisted mostly of receipts in the early part of the official year 1914-15 and the residue of cargoes of prize vessels imported during the war period.

EXPORTS* (in percentages).

(Sea borne : exclusive of treasure and of exports on Government account.)

—	1909-14 Average.	1914-19 Average.	1933-34.	1934-35.	1935-36. (a)
United Kingdom	25	31	32	32	31
Other parts of the British Empire	16	21	15	14	15
U.S.A.	8	12	10	8	10
Japan	8	11	9	16	14
France	7	4	5	3	4
Germany	10	1	6	5	6
Other Foreign Countries	26	20	23	22	20

NOTE.—Exports to Germany during the quinquennium, 1914-19, were confined to the early part of the official year 1914-15.

* Including re-exports.

(a) Subject to revision.

COMMERCIAL SUMMARY

<i>Area.—</i>							<i>Sq. miles.</i>
British India	...	...	...	...	...	...	1,096,171
Native States	...	...	...	...	...	...	712,508
Total							1,808,679

Population—Census of 1931.—

British India	...	...	...	...	...	...	271,526,933
Native States	...	...	...	...	...	...	81,310,845
Total							352,837,778

*Language for Commercial usage—English.**Monetary unit(s).—*

3 pies	= 1 pice.	
4 pice	= 1 anna.	
16 annas	= 1 rupee.	
1 lakh	= Rs. 1,00,000	} e.g., Rs. 1,45,67,200 = 1 crore, 45 lakhs, 67,200 rupees.
1 crore	= 100 lakhs	

Rate of Exchange (pre-war and current average quotations).—

Pre-war	...	...	1s. 4d.
Current.—June, 1936	...	1s. 6d.	(with the result that 1 lakh = £7,500 and 1 crore = £750,000).

Index Numbers—July, 1914 — 100.

Wholesale prices, Bombay	...	May, 1936 — 94.
Retail prices (food), Bombay	...	May, 1936 — 109.
Cost of living (working class), Bombay	...	May, 1936 — 100.

Principal weights and measures (other than ordinary metric or British) with British equivalents.

Weights and measures in India vary not only from district to district but also for different commodities within the same district and, although the railways have given a lead to the adoption of a uniform system, the country is so vast that the differences are likely to persist for many years to come. The principal units in all the scales of weights are the maund, seer and the tola, and the standard weights for each of these are 82·28 lbs. and 2·057 lbs. avoirdupois and 180 grains troy. The tola is the same weight as the rupee. In addition to these weights, there is the viss of 3·60 lbs. or 140 tolas and the candy of 500 to 840 lbs. It is not necessary for the purposes of this volume to detail any variations of the weight of the maund, except those which enter into the export trade. It will be sufficient to say that in any particular city there are probably as many different maunds as there are articles to weigh. The only varieties which need be considered in connection with the foreign trade are the Bengal or railway maund already specified, the factory maund of 74 lbs. 10 ozs. 11 drs., the Bombay maund of 28 lbs. and the Madras maund of 25 lbs. In October, 1913, the Government of India appointed a Committee to inquire into the whole question, and their majority report, which was presented in the following year, recommended the extension of the railway system based on the 180 grains tola, while the minority report advocated the adoption of the metric system. The views of the Provincial Governments on these reports were obtained and the Government of India in their Resolution dated the 3rd January, 1922, declared themselves in favour of the ultimate adoption in India, excluding Burma, of a uniform system of weights based on the scale now in use on the Railways. It has been decided that no new measures prescribing all-India measures of weight or capacity should be introduced at present but that the Local Governments should take such executive action as they can to educate public opinion in favour of the standard maund and seer.

In the table below an attempt has been made to present within a small compass the principal weights and measures employed in the Indian export trade.

Principal weights and measures in use in the export trade.

<i>Name of Unit.—General.</i>					<i>British Imperial Value.</i>
Tola	...	...	...	...	180 grains troy.
Seer (Standard or Railway or India)...	...	...	...	...	2·057 lbs.
Seer (Factory)	...	...	...	...	1 lb. 13·5 oz.
Viss	...	...	...	...	3·60 lbs.
Maund (Standard or 40 seers Railway or India)	...	...	...	...	82 lbs. 4 oz. 9 dr.
Maund (Factory)	...	...	...	...	74 lbs. 10 oz. 11 dr.

Note.—For local variations consult “Handbook of Commercial Information for India” by C. W. E. Cotton, C.I.E., I.C.S., 2nd Edition, 1924.

Total Imports—1st April, 1935 to 31st March, 1936.

	Rs.
Merchandise	1,34,39,11,304
Government Stores	2,40,08,535
Treasure	7,44,82,426
	<hr/> 1,44,24,02,265 <hr/>

Principal Imports—Cotton manufactures, machinery, oils, raw cotton, iron and steel.

	Rs.
Imports of merchandise from the United Kingdom	52,17,54,003
“ “ “ Japan	21,83,54,848
“ “ “ Germany	12,35,67,493
“ “ “ U.S.A.	8,94,02,549

Total Exports—(Indian merchandise). 1st April, 1935 to 31st March, 1936.

Rs. 1,60,48,75,472

Principal Exports.—Cotton and cotton manufactures, jute and jute manufactures, tea, food grains and seeds.

	Rs.
Exports of Indian merchandise to the United Kingdom	49,79,95,340
“ “ “ “ the U.S.A.	16,07,19,625
“ “ “ “ Japan	21,86,67,027
“ “ “ “ Germany	8,69,07,034
“ “ “ “ France	6,71,66,911

Railway mileage :—

Route mileage opened for traffic on 31st March, 1935	...	43,020
--	-----	--------

REPORT ON ECONOMIC AND COMMERCIAL CONDITIONS IN INDIA 1935-6

CHAPTER I

GENERAL REVIEW OF THE PERIOD

The year 1935-6 gave indications of a gradual movement towards economic recovery. While India was still suffering from the effect of those world-wide forces which maintain commodity prices at a very low level, restrict the markets for her produce and depress the purchasing power of the people, there were definite signs of internal recovery which would have been greater but for the factors referred to above over which India has no control. The situation was clearly set forth by H.E. the Viceroy, in a speech delivered on 16th December, 1935, in the following terms :—

“ During the past five years, India has passed in common with the rest of the world, through a period of almost unexampled economic stress. It is therefore a matter of satisfaction to me that, in addressing you for the last time, I am in a position to point to some indications of a gradual movement towards economic recovery in the country. The steady decline in the general level of prices which commenced in the latter part of 1929 has now definitely ceased and an upward tendency appears to have set in. There is evidence also that the disparity between the prices of agricultural and of manufactured commodities which has so seriously affected the purchasing power of the great mass of the people of India is now less marked than before and that a more balanced price relationship is probably within sight. The progress of industrial development has been well maintained in spite of the general depression and in some cases, notably in the cotton textile industry, greater advances have recently been recorded than at any time in the past.

There was a noticeable improvement in the volume of export, as well as import, trade in India in 1934-5 as compared with the previous year when the lowest levels in recent times had been recorded, and this improvement has since continued unchecked. India's total visible trade now shows a favourable balance which is substantially higher than in the period preceding the war.

Among the most welcome signs of improvement is the material reduction in the burden of interest charges which is a matter of such deep concern to both industry and agriculture. The rate of

interest on Government loans has been reduced to 3 per cent. for the first time since 1896; and the Bank rate which reached as high a figure as 8 per cent. in the closing months of 1931 has also fallen to the same level. These developments afford some indication of the progress which has been made towards a general economic recovery. In the light of these facts I believe that, unless there are further disturbances in the conditions affecting world trade and finance, we may now regard the future with a certain measure of confidence."

The monsoon was, on the whole, not unfavourable. In Berar and the Madras Deccan the rainfall was in large excess and in the North-West Frontier Province, Baluchistan and Sind it was in considerable defect. Conditions were generally more favourable in the Peninsula than in North-West India. Crop conditions were therefore variable according to the part of the country in which the particular produce was grown. The total out-turn of rice, compared with that of the preceding season recorded a decline of 8 per cent. but in Burma, where the conditions were more favourable, the yield was nearly 11 per cent. in excess of last year's figure. Very good yields of sugar-cane and cotton were obtained during the year, exceeding the previous year's out-turns by 16 per cent. and 18 per cent. respectively. As a result of intensive propaganda for the restriction of sowing in the jute-growing districts, the yield of jute showed an appreciable decline of 25 per cent. compared with last year's yield. The wheat crop suffered from insufficient rain and was also adversely affected in places by frost, hailstorms, strong wind, rust, etc., and consequently the out-turn according to the latest available forecast was 5 per cent. less than in the corresponding forecast of the preceding season. The yield of ground-nut, sesamum and castor seed exceeded that of the previous year by 15 per cent., 13 per cent. and 16 per cent. respectively. Production of rape and mustard also increased by 6 per cent. as compared with the last season but the out-turn of linseed fell short by 9 per cent., chiefly as a result of the adverse seasonal conditions.

The first monsoon forecast for 1936 states that the evidence from the known factors is so conflicting that no forecast of practical value can be issued concerning this year's monsoon rainfall. Meanwhile, however, the rains have begun at the usual date and are extending throughout the country.

In previous reports in this series I have stressed the effects of the disastrous fall in the prices of primary commodities on India's general economic position and particularly on the purchasing power of her people. *It is most encouraging to note that, during the past year, the Calcutta wholesale price index figure for all commodities rose by four points from 87 in March, 1935, to 91 in March, 1936. (Prices in July, 1914 = 100.)*

Of even greater significance is the Calcutta index number series which shows the fluctuations in the index number for imported articles side by side with those for the principal exports.

End of July, 1914 = 100.

	<i>Exported articles.</i>	<i>Imported articles.</i>
1929 (pre-slump September) ...	133	150
1931—December	81	124
1932—December	69	115
1933—December	73	112
1934—December	76	109
1935—March	75	108
1936—March	82	105

Prior to 1932, the decline in the export price level had been much greater than that in the import price level. The reversal of the process in 1933 was largely due to very heavy imports of Japanese goods at phenomenally low prices. The reduction in the disparity between the two figures has continued and it will be noted with satisfaction that, during the past fiscal year, the export index rose by seven points while the import index fell by three points. The Indian cultivator has in consequence improved his position both by the rise in the prices of the goods he has to sell and the fall in the prices of the goods he has to buy. When one takes into account that no less than 22½ per cent. of his income is spent on fixed charges such as rent, rates of all kinds, interest to bania, etc., the prices he receives for his crops allow very little surplus for the purchase of even the barest necessities of existence other than food, which he usually grows for his own consumption.

This paramount question of prices lies at the root of most of India's economic ills and particularly of the decline in her active balance of trade in merchandise. As the Government of India recently found in their enquiry into the subject, if, while prices remained constant, the volume of both imports and exports declined to the same extent, then the balance of trade would also be reduced in the same proportion. If, however, the variations in imports and exports were unequal, the shrinkage in the trade balance would be more or less than it would otherwise be according as the drop in exports was greater or smaller than the drop in imports. Precisely similar results would follow if prices varied while the quantum of exports and imports remained unchanged. The position, however, would be still more complicated if both the volume of trade and the price level were to decline at the same time. In the case of India, in 1929-30, prices of both exports and imports fell by 10 per cent. but the trade balance did not decline to the same extent owing to an increase in the volume of trade. Since then there has been a shrinkage in both volume and prices and in this respect the present crisis has differed from previous crises, in all of which the fall in prices was generally accompanied by a maintenance or even an increase of the volume of trade. Moreover, the decline has been unequal in its incidence. While exports have

fallen further in price than imports, they have, except in 1932-3, diminished less in volume and these divergent movements have on the whole exerted a steadying influence on the trade balance. The result is that, if allowance is made for the fall in the price level, the balance of trade in the depression years, with the single exception of 1932-3, will be found to be relatively better than in the pre-depression period.

The Government of India summarized their conclusions as follows :—

(a) Except in 1932-3, the decline in the balance of trade was caused solely by the fall in prices, and more particularly by the greater fall in export prices. In 1932-3 the relatively greater decline of the volume of exports was a contributory cause.

(b) The relative movement of the quantum indices has on the whole been in favour of exports and this has helped to moderate the effect of the fall in prices. The year 1932-3 is again an exception.

As regards the quantum of foreign trade, it is interesting to compare the position of India with the rest of the world.

World Foreign Trade.

1929.	1930.	1931.	1932.	1933.	1934.
100	93	86	74	75.5	77.5

India's Foreign Trade.

1929-30.	1930-1.	1931-2.	1932-3.	1933-4.	1934-5.
100	87	76	75	78.5	86

As in the case of other countries, India's foreign trade reached its nadir in 1932, since when there has been a slow but steady recovery. The pace of recovery has, however, been greater in the case of India than elsewhere. When figures are available for the past year, they will show that this acceleration has been even more intensified. The volume but not, of course, the value of Indian exports in 1935-6 was less than 10 per cent. below the pre-depression level.

India's Export Trade 1935-6.—As a result of the favourable factors already referred to, India's total exports including re-exports advanced by Rs.9 crores or 6 per cent. to Rs.164 crores. The export of India's merchandise rose by Rs.8.82 crores or 6 per cent. to Rs.160.48 crores and re-exports by Rs.22 lakhs or 6 per cent. to Rs.3.76 crores. Exports were distributed between the main groups as follows :—

	1933-4.	1934-5.	1935-6.
	<i>(in crores of rupees)</i>		
Food, Drink and Tobacco ...	36.00	36.12	37.13
Raw materials	69.88	75.62	79.20
Articles wholly or mainly manu- factured	39.89	38.49	42.16
Others	1.48	1.43	1.99
Total	147.25	151.66	160.48

As regards the first category, notwithstanding reductions of Rs.31 lakhs under tea and Rs.22 lakhs under spices, the aggregate shipments of foodstuffs, etc., rose by a crore mainly due to increases in the exports of rice of Rs.64½ lakhs, fruits and vegetables Rs.57 lakhs, tobacco Rs.10 lakhs and miscellaneous items Rs.29 lakhs.

The most marked improvement has been in the shipments of raw materials. This is accounted for by increases in shipments of raw jute amounting to Rs.283 lakhs, hides and skins Rs.100 lakhs, wool Rs.82 lakhs, metallic ores (manganese and wolfram) Rs.95 lakhs, timber Rs.24 lakhs and rubber Rs.22 lakhs. These increases more than offset a drop of Rs.97 lakhs in the exports of raw cotton and Rs.172 lakhs in the shipments of lac.

The rise of nearly Rs.4 crores in the case of wholly or mainly manufactured articles is attributable to increased shipments of jute manufactures amounting to Rs.202 lakhs, pig iron Rs.32 lakhs, non-ferrous metals (lead and zinc) Rs.55 lakhs, cotton textiles Rs.28 lakhs and tanned hides and skins Rs.15 lakhs. As the Government of India point out, this total advance of Rs.9 crores conveys an inadequate idea of the magnitude of the improvement which has taken place. Export figures for 1934-5 were swelled by abnormally heavy purchases of cotton by Japan and, if exports during the past year had no more than maintained the level reached in 1934-5, that alone would have been evidence of continued prosperity. It will have been noted that the revival of exports is distributed over practically the whole range of India's export staples. The aggregate volume has attained a higher figure than at any time since 1930-1.

Let us now examine the direction of India's exports of recent years with a view to ascertaining the trend of trade before and after the Ottawa preferences came into force in January, 1933. The following table gives the consolidated figures—

<i>Total exports from India (in lakhs of rupees).</i>						
		1931-2.	1932-3.	1933-4.	1934-5.	1935-6.
To all countries	...	157,56	133,27	147,52	152,39	160,48
Index	...	100	84.6	93.6	96.7	101.8
To the U.K....	...	42,88	36,82	47,21	48,07	49,80
Index	...	100	85.9	110.1	112.1	116
To Other Countries		114,68	96,45	100,31	104,32	110,68
Index	...	100	84.1	87.5	90.9	96.5
<i>Percentage increase in 1933-4 in comparison with 1932-3.</i>						
		Percentage increase in 1933-4 in comparison with 1932-3.	Percentage increase in 1934-5 in comparison with 1933-4.	Percentage increase in 1935-6 in comparison with 1934-5.	Percentage increase in 1935-6 in comparison with 1932-3.	
All Countries	...	10.5	3.3	5.3	20.4	
United Kingdom	...	28.2	1.8	3.6	35.2	
Other Countries	...	4	3.9	6	14.75	

It will be observed that during the first three years' life of the Ottawa Agreement, 1932-3 to 1935-6, India's export trade to the

United Kingdom increased by 35.2 per cent. while her trade with other countries advanced by not more than 14.75 per cent. That there should have been some slowing-down in the rate of improvement from 28.2 per cent. in the first year to 1.8 per cent. in the second year was only to be expected as the extension of trade due to the stimulus of the preferential duties would naturally be most marked during the first year. Thereafter, progress might be expected to be more gradual, the rate of development showing a progressive decline until the limit of expansion is reached. In point of fact, however, the rate of expansion was doubled from 1.8 per cent. to 3.6 per cent. in the third year in spite of certain special factors which operated to check any further rate of increase in India's shipments to the United Kingdom. For example, tea, owing to the restriction of exports has become an inelastic item, any expansion of which is dependent upon a rise in prices above the 1933-4 level. Moreover, such improvement as took place in the imports of the United Kingdom has been confined to the raw materials of the engineering and building industries rather than to the demand for agricultural raw materials, which have showed little variation. As the Government of India have pointed out, while these causes led to a slackening in the rate of expansion in India's exports to the United Kingdom, her exports to countries other than the United Kingdom were assisted by abnormal purchases of cotton by Japan to make up for the short purchases during the 1933 boycott. Japan's purchases in 1934-5 amounted in value to Rs.21 crores against an average of Rs.11 crores for the three years ended 1933-4.

Analysing the exports of Rs.49.80 crores to the United Kingdom in 1935-6, which represent over 31 per cent. of India's total exports in that year, we find that the following items were mainly responsible for the improvement:—

					1934-5. Rs. (lakhs)	1935-6. Rs. (lakhs).
Raw Cotton	...	...	...	...	3,42	4,50
Raw Wool	...	...	...	...	92	1,38
Raw Jute	...	...	...	...	2,34	2,96
Raw Hemp	...	...	...	...	10	17
Goat Skins	...	...	...	...	40	71
Pig Lead	...	...	...	...	88	1,08
Wolfram Ore	...	...	...	...	97	1,27
Unmanufactured tobacco	...	...	...	...	34	45
Gunny Cloth	...	...	...	...	53	89
Gunny Bags	...	...	...	...	1,03	1,12
Coffee	...	...	...	...	21	30
Tanned Cow Hides...	...	...	...	...	1,61	1,86
Tanned Sheep Skins	...	...	...	...	1,06	1,21
Manganese Ore	...	...	...	...	33	39
Linseed Cake	...	...	...	...	23	40
Paraffin Wax	...	...	...	...	47	82
Teak Wood	...	...	...	...	62	76

The strenuous efforts which are being made by the Lancashire Indian Cotton Committee, with the active co-operation of all sections of the Lancashire cotton industry, to encourage the use of Indian cotton are referred to elsewhere. In 1932, Indian cotton represented 4 per cent. of Lancashire's total consumption from all sources, whereas in the first ten months of 1935 the figure had more than quadrupled at 17 per cent. The figure for 1935 is particularly encouraging because, during that period, the price parity with American cotton had moved to a point much less favourable to India. The United Kingdom is now second only to Japan as a consumer of Indian cotton and takings of 500,000 bales per annum are well within sight.

The above table shows that the increasing importance of the United Kingdom as a market for Indian produce is not solely due to the effects of the Ottawa Preferences. During the first two years of the life of the Agreement exports to the United Kingdom of articles enjoying preferential treatment rose from Rs.29.7 crores in 1932-3 to Rs.36.7 crores in 1934-5, an advance of 23.4 per cent. while exports to the same destination of articles not enjoying preferential treatment rose from Rs.7.09 crores in 1932-33 to Rs.11.36 crores in 1934-5, an improvement of 60.3 per cent. Indian critics frequently draw the conclusion that the improvement is due to the general revival of industrial activity in the United Kingdom rather than to the preferences. A glance at the detailed figures, however, shows that of the total increase under the non-preferential head of Rs.364 lakhs in 1933-4, no less than Rs.176 lakhs was accounted for by raw cotton and Rs.45 lakhs by raw wool, the former trade being almost entirely attributable to Lancashire efforts to implement Article 8 of the Ottawa Agreement while the increased shipments of raw wool were probably due to a more favourable price parity. As for the rest, the increased export of rubber was probably due to the rubber restriction scheme, that in metals and ores to the activity in the heavy industries and that in lac to the speculative purchases of the London group which attempted to effect a corner in shellac and pepper.

India's Import Trade, 1935-6.—A further rise of Rs.2 crores or 2 per cent. to Rs.134.39 crores brought the total imports approximately to those of 1931-2 but they are still far below the pre-depression total of Rs.253 crores in 1928-9.

The imports fall under the following main heads :—

		1934-5. Rs. (crores)	1935-6. Rs. (crores)
1. Food, Drink and Tobacco	... ..	13.86	13.20
2. Raw materials	... ..	17.12	19.21
3. Articles wholly or mainly manufactured	... ..	98.51	99.35
4. Others	... ..	2.80	2.63
		<hr/>	<hr/>
Total	... ..	132.29	134.39
		<hr/>	<hr/>

The decline under the first category is due to a heavy fall of Rs.106 lakhs in the imports of rice which had been raised to an abnormal figure in 1934-5 due to Indian crop conditions, and a further fall of Rs.20 lakhs in the imports of sugar. The increase of over Rs.2 crores in the imports of raw materials is accounted for by a rise of Rs.1½ crores in the imports of raw cotton, of Rs.37 lakhs in copra and of Rs.32 lakhs in the arrivals of oils due to improved takings of fuel oils, petrol and lubricants, which more than offset a decline of Rs.38 lakhs in the imports of kerosene.

The principal heading of manufactured goods showed an advance of only Rs.84 lakhs, although arrivals of machinery were greater by Rs.111 lakhs, hardware and implements by Rs.40 lakhs, chemicals and drugs by Rs.40 lakhs, iron and steel by Rs.84 lakhs, paper by Rs.33 lakhs and vehicles by Rs.32 lakhs. These signs of reviving trade were, however, almost counterbalanced by the heavy fall in textiles of all kinds, but mainly woollen yarns and manufactures (Rs.110 lakhs), cotton yarns and manufactures (Rs.61 lakhs), silk yarns and manufactures (Rs.60 lakhs) and miscellaneous yarns and textile fabrics (Rs.63 lakhs). Imports of apparel were also reduced by Rs.17 lakhs and non-ferrous metals—mainly yellow metal and copper sheets—by Rs.18½ lakhs.

It is significant that those items of manufactured goods that have improved have been either capital goods and semi-raw materials, such as, machinery, iron and steel, instruments and apparatus, chemicals, dyestuffs, petrol and fuel oils, etc., which are needed for the general expansion in Indian industries which is taking place under the stimulus of the high tariff level, or articles such as motor vehicles, pedal cycles, electrical appliances of all kinds, provisions, wireless transmitting gear and receiving sets, telegraph and telephone apparatus and chemical fertilizers which reflect the response now being shown by the Indian people to the provision of improved modern facilities.

The marked falling-off in consumers' goods such as cotton and woollen textiles, kerosene, apparel and yellow metal and copper sheets (the raw materials of the domestic utensil industry) is clear evidence that such improvement as there may have been in the world value of agricultural products has not yet filtered through to the cultivator in India, who represents such a preponderating element in the population, and on whose prosperity the purchasing capacity of India so largely depends. This conclusion is reinforced by the fact that even the reduced imports of these items have comprised, in the main, the cheaper forms of Japanese textiles, Russian kerosene, German and Japanese yellow metal and copper sheets and Japanese wares of all kinds which were offered at prices sufficiently low to tempt even the diminished purchasing power of the bazaars. We have seen from the index numbers that an upward movement in agricultural prices has already begun and that the disparity between the prices of agricultural and of manufactured

commodities, which has so seriously affected the purchasing power of the masses, is gradually being narrowed. These movements will have to continue and gather momentum before their effects on the economic position of the cultivator are sufficient to increase materially the very narrow margin of his income available for purchases of imported goods after his rent, interest and fixed items of expenditure have been met. If, as is hoped, a more balanced price relationship between the produce he sells and the manufactured goods he buys becomes more evident and the distinct improvement in India's exports gathers pace, then, and only then, will the cultivator regain the purchasing capacity that will enable him to become a purchaser on a considerable scale of imported, and particularly of the higher quality United Kingdom, goods.

As regards the sources of the 1935-6 imports, it is somewhat disconcerting to find that the imports from the United Kingdom declined actually from Rs.53.73 crores to Rs.52.17 crores and relatively from 40.6 per cent. to 38.8 per cent. This is almost entirely attributable to a material reduction in the imports of cotton piecegoods by no less than Rs.2.15 crores. The increasing competition of the Indian textile industry, the lack of purchasing power, the high rate of import duties and the uncertainty as to the Tariff Board's recommendations all combined, in greater or less degree, to bring about this fall in the imports of United Kingdom piecegoods to the record low level of 440 million yards. Reductions also occurred in copper sheets and rods (Rs.26 lakhs), yellow metal sheets (Rs.30 lakhs) and soap (Rs.26 lakhs). On the other hand, with these few exceptions, United Kingdom imports have shown remarkable resilience. Promising increases took place in most items of the steel trade but notably in steel tubes, bars, sections and tin-plates. Imports under the valuable heads of machinery, chemicals and beverages showed slight increases. Improvement was marked under the headings of provisions (Rs.18 lakhs), electrical apparatus (Rs.13 lakhs), motor tyre covers (Rs.11½ lakhs), pedal cycles (Rs.12 lakhs), hardware (Rs.6 lakhs), motor trucks (Rs.5 lakhs), motor cars (Rs.3 lakhs) and a number of other miscellaneous items, most of which were subject to the Ottawa Preferential duties.

The position of our overseas competitors is shown in the following table of imports and percentages for the past two years :—

				Year ended 31st March.			
				1935.		1936.	
				Rs. (crores)	Per cent.	Rs. (crores)	Per cent.
Japan	...	...	...	20.8	15.7	21.8	16.2
Germany	...	...	...	10.1	7.6	12.3	9.2
U.S.A.	...	...	...	8.4	6.4	8.9	6.6
Italy	...	...	...	3.0	2.3	2.0	1.5

A further advance of Rs.1 crore in the imports from Japan is more than accounted for by improved imports of piecegoods amounting to Rs.1.16 crores. Japan had failed to ship the total quantities permissible under the quota during the preceding year and made good her position during the period under review. The imports of Japanese yarns advanced by Rs.63 lakhs, machinery by Rs.6 lakhs, hardware by Rs.3 lakhs and Japanese competition is gradually invading an increasing number of items, notably, steel sheets, tubes, chemicals, etc.

The most notable advance in the case of Germany has been a rise in machinery imports of Rs.38 lakhs due to the remarkably low German quotations rendered possible by Government schemes for subsidising exports. Important increases are to be noted under hardware (Rs.13 lakhs), dye-stuffs (Rs.11 lakhs), steel tubes (Rs.25 lakhs), electrical instruments (Rs.6 lakhs) and a general improvement throughout the whole range of Germany's exports to India.

The improvement of the sum of Rs.53 lakhs in the contribution of the U.S.A. is largely due to an expansion in the imports of American cotton from Rs.16 lakhs to Rs.91½ lakhs. The U.S.A. staple exports to India of kerosene oil, motor cars and motor trucks showed noteworthy reduction, due largely—in the case of motor vehicles—to increasing competition from United Kingdom and Canadian suppliers. Increases, however, took place in electrical instruments and apparatus (Rs.8 lakhs), dye-stuffs (Rs.3½ lakhs), electrical machinery (Rs.4 lakhs), lubricating oils (other than batching oils) (Rs.2½ lakhs) and wireless apparatus (over Rs.4 lakhs). In the comprehensive heading of hardware, an increase of Rs.1 lakh is to be recorded and mention should be made of the bid which U.S.A. manufacturers are making for the Indian market in wireless receiving sets.

The fall of no less than Rs.1 crore in the imports from Italy is partly attributable to the effect of Sanctions and partly to the elimination of Italian competition in cotton, woollen and artificial silk textiles owing to the high level of import duty and increasing competition from Japan.

It is pertinent, at this point, to examine to what extent the Ottawa preferences may have been of value in enabling the United Kingdom to maintain its position as well as it has done and in preventing that further decline which might have been expected in face of such severe competition. The official Indian figures showing imports of goods to which preferential duties are applicable are available for the first seven months only of 1935-6, but, read in conjunction with similar figures for the previous two complete years, they clearly suggest that these preferences indicated have had a beneficial effect upon United Kingdom exports.

The results are summarized in the following table, which gives the imports into India from the United Kingdom of those articles only which enjoy preferential treatment (excepting those liable to differential duties, e.g., cotton and artificial silk textiles and iron and steel, and also exclusive of a few preferential items of iron and steel and machinery and millwork for which no statistics are

available but inclusive of certain non-preferential items under chemicals and instruments which cannot be readily separated).

	<i>Rs. (lakhs).</i>	<i>Rs. (lakhs).</i>	<i>Improvement Rs. (lakhs).</i>
First year of the Agreement 1932-3 to 1933-4	13,27	14,91	1,64
Second year of the Agreement 1933-4 to 1934-5	14,91	16,90	1,99
Third year of the Agreement 1934-5 to 1935-6	9,32	9,40	8
(seven months only compared with the corresponding period of the previous year).			

The extension of trade so far as it might be directly attributable to the stimulus of the preferential duties might be expected to be most marked in the first two years; in the third period a sharp drop occurred in the rate of improvement in these imports. This drop was accentuated by competition from Japan in an ever-widening range of commodities at prices which were so far below United Kingdom quotations as to nullify the effect of a 10 per cent. preference.

Moreover, in view of the subsidising of German exports in order to provide foreign exchange, competition from that country in such groups as machinery, instruments and apparatus, railway rolling-stock and non-ferrous metals was at prices against which a 10 per cent. advantage was quite ineffective. In addition, certain shipments of German machinery and electrical material, motor vehicles, etc., were made to India as a result of private barter arrangements with Indian States and private export firms. These factors tended to neutralise the beneficial effect of the preferences.

The next table shows the imports from all sources into British India of articles which, if imported from the United Kingdom, enjoy preference:—

	(In lakhs of rupees).						Taking 1932-3 as base, index number in 1934-5.
	1931-2.	1932-3.	1933-4.	1934-5.	Seven months 1934-5.	Seven months 1935-6.	
Total imports from all countries ...	30,78	33,33	32,52	38,42	21,62	21,55	—
Index	100	108	106	125	—	—	115
Total imports from United Kingdom	12,61	13,27	14,91	16,90	9,32	9,40	—
Index	100	105	118	134	—	—	127
Percentage share of United Kingdom	41	40	46	44	43.1	43.6	—
Total imports from countries other than United Kingdom	18,17	20,06	17,61	21,51	12,30	12,15	—
Index	100	110.4	96.9	118.4	—	—	107
Percentage share of countries other than United Kingdom	59	60	54	56	56.9	56.4	—

The following table completes the illustration by showing the imports into British India of articles on which no preference is allowed to the United Kingdom :—

	(In lakhs of rupees).					
	1931-2.	1932-3.	1933-4.	1934-5.	Seven months 1934-5.	Seven months 1935-6.
Total imports	95,59	99,26	82,84	93,84	52,99	55,08
Index	100	103.8	86.7	98.2	—	—
Imports from United Kingdom	32,20	35,53	32,68	36,85	20,55	20,13
Index	100	110.3	101.5	114.4	—	—
Percentage share of United Kingdom ...	33.7	35.8	39.4	39.3	38.8	36.5
Imports from other countries	63,39	63,73	50,16	56,99	32,44	34,95
Index	100	100.5	79.1	89.9	—	—
Percentage share of other countries	66.3	64.2	60.6	60.7	61.2	63.5

The following facts emerge :—

(1) That, during the first two complete years of the operation of the Ottawa duties, the total imports into India of all goods sustained a sharp fall during the first year 1933-4, but almost recovered the ground lost in the second year, 1934-5.

(2) That, so far as articles enjoying preference are concerned, the percentage share of the United Kingdom rose from 40 to 44 whereas the United Kingdom share of *all* imports during the same period rose from 36.8 to 40.6 and her share of the trade in non-preferential articles rose from 35.8 to 39.3. She has, therefore, improved her position to an almost equal extent under both the preferential and non-preferential heads, but the rate is slightly greater in respect of articles receiving preference.

Although the results are not so striking as might have been anticipated on account of the severity of the depression, which has reduced the demand for many items of special interest to the United Kingdom, and on account of the competition of countries like Japan and Germany, where the preferential margin has not been sufficient to bridge the gap between United Kingdom and competing prices, there can be no doubt that the 10 per cent. fiscal advantage has been valuable in assisting the United Kingdom at least to maintain, and in some cases to improve, its relative position in a number of most highly competitive trades. It seems probable that, without this advantage, United Kingdom exports would have materially lost ground under valuable heads of trade

such as hardware, chemicals, non-ferrous metals, appliances and apparatus, motor vehicles and tyres, provisions, cycles, paints and certain sections of textiles, notably woollens and made-up goods, where Continental competition in the past has been particularly severe.

The Outlook in the Import Trade.—The general factors which govern the course of India's import trade, may now be summarized and it should be noted that the improvement in the volume of India's exports continues unchecked during the current fiscal year. Shipments in April of raw cotton, jute, wool, oilseeds, rice and tea increased materially in volume and, owing to better prices, the values increased in even greater proportion resulting in a steady rise in the favourable balance of trade. Crop prospects are generally favourable. Owing to the evidence from known factors being so conflicting, the Director-General of Observatories has decided that no forecast of practical value can be issued concerning this year's monsoon rainfall. This does not, however, necessarily imply that the monsoon is likely to fail. The rains have, in fact, broken throughout the country. Shipments of gold continue on a greater scale than in 1935-6, thus helping to balance the international account, to maintain exchange, and to release purchasing power to be spent on imported goods. Railway receipts and wagon loadings continue to improve. Cheque clearances in 1935-6 were the second highest in the last seven years and were less only than the figures for 1929-30, the last pre-depression year. The average note circulation for the whole year 1935-6 was Rs.9 crores in advance of the circulation in 1934-5 and was the highest in the last seven years. The reduction in the Bank rate to 3 per cent. and a corresponding general fall in the rate of interest reduces the burden of interest charges to both industry and agriculture.

The political sky is clearer than it has been for many years. All Indian political parties are now concentrating on endeavours to take full advantage of the Government of India Act and are busily preparing for the forthcoming elections to the new autonomous Provincial legislatures. The stage is set for the inauguration of Provincial Autonomy on 1st April, 1937. Notwithstanding the decision, on purely political grounds, by a small majority of the Legislative Assembly, to terminate the Ottawa Agreement, in order to secure, if possible, better terms from the United Kingdom in subsequent negotiations, there is, throughout India, a growing consciousness of the solid economic advantages which are accruing from the Ottawa policy of Empire trade agreements on the basis of mutual advantage. Indian business men and politicians alike are realising the benefits—particularly in a world which is erecting every possible barrier to the free exchange of trade—to be derived from free access to the one large unrestricted consumers' market afforded by the United Kingdom.

The developments stated above afford some indication of the progress which has been made in India towards a general economic recovery. As His Excellency Lord Willingdon stated in December last—"In the light of these facts I believe that, unless there are further disturbances in the conditions affecting world trade and finance, we may now regard the future with a certain measure of confidence."

The outlook in the import trade, however, is not quite so favourable as a review of India's general economic condition would lead one to suppose. In the first place, there will be a considerable time-lag before any improvement in India's export trade releases an appreciable amount of additional spending power to be invested by the ryot in imported goods. We have already noticed in 1935-6 that the imports of consumers' goods, notably textiles, kerosene and metals for domestic utensils, continued to decline and were confined to the cheaper types of Japanese, Russian and German origin. This tendency still persists in the current year. The agricultural consumer, during the past seven years of stress, must have increased the burden of his indebtedness to the Bania to a considerable extent. Much of this debt will have to be liquidated before he can largely increase the volume, or improve the quality, of his purchases of imported goods, many of which he has now come to regard as luxuries. The habit of economy in the use of these imported articles has become ingrained and the practice of substituting the cheapest country-made articles or, failing these, the cheapest foreign goods, which will just serve the purpose for which they are intended, is one which is likely to continue for many years to come. In effect, there would seem to be no possibility of a resumption of purchases on a pre-depression scale of consumers' goods such as textiles, metals, etc., until India has enjoyed so many years of prosperous agricultural conditions that the standard of life of the ryot has become permanently raised. When that time arrives, it will probably be found that India has become self-supporting as regards a large number of important articles.

This brings us to a consideration of the recent rapid rise of Indian industries under the combined stimulus of protective duties and a high general revenue tariff, which is having a protective effect that was never intended and is stimulating the establishment of a large number of miscellaneous local industries. Many of these are economically unsuited to the conditions of the country, but they will strongly oppose the reduction of the surcharges if the time ever comes when the Finance Member can afford to redeem the pledge given by his predecessor that they shall be removed as soon as the financial situation permits.

The serious limitation of the Indian market as an outlet for overseas exporters on account of the rapid development of local secondary industries is likely to present serious problems for United

Kingdom trade in future. We may here consider the position of a few of the major protected industries and the probable effects on the import trade in the near future. Taking, first, the position of the Indian cotton mills, we find that last year, when the textile industries of the United Kingdom, the U.S.A. and the Continent were only working at a fraction of their capacity and, in many cases, were operating without profit and barely earning adequate depreciation allowances, the Indian mills increased their production of cloth to 3,571 million yards, which constitutes a record figure. The immediate result is seen in an attenuated import of 946 million yards, of which the share of the United Kingdom was 440 million yards (compared with the United Kingdom share amounting to 3,000 million yards in 1913-4 and 1,456 million yards in 1928-9). The fall in United Kingdom imports is becoming intensified during the present year on account of the uncertainty with regard to the fiscal action to be taken on the Tariff Board Report. The reduction, by Notification on 25th June, 1936, of the duties on United Kingdom piecegoods (with the exception of printed goods) from 25 to 20 per cent. may, for a year or two, temporarily stay the downward trend. Many importers and dealers, who have been steadily losing money for some years and who were on the point of abandoning their Lancashire trade, will be tempted to continue in the business and their restocking of Lancashire qualities will probably result in improved imports for a year or so. Authoritative opinion, however, takes the view that this reduction of 5 per cent. in duty will be quite inadequate to stimulate any material permanent increase in India's consumption of Lancashire goods.

Turning now to iron and steel, we find that whereas the total imports in 1928-9 amounted to 1,170,000 tons, they had fallen to 449,000 tons in 1935-6. Meanwhile the production of the Tata Iron & Steel Co. has risen to over 646,000 tons and is steadily expanding as more mills are being brought into operation. Moreover, negotiations are now approaching conclusion between the Tata Company and the other two producers of pig iron in India for a second steel-works capable of producing an additional 200,000 tons of steel, including such United Kingdom specialities as sheets, hoops and tubes. It is quite likely that within a very few years India will be producing 900,000 tons of finished steel and will probably be supplying a large part of her requirements. The only solution, from the point of view of the United Kingdom steel industry, is to follow a policy of co-operation with the Indian producers in order to regulate prices and to ensure that products, for which there is a demand in India but which would not warrant domestic production, should be obtained from the United Kingdom. Moreover, much can be done by co-operative effort between the two industries to stimulate the potential demand for steel in India. The recent reduction of duties should prove to be a valuable stimulus to consumption.

India now produces almost all the railway equipment, including bridgework, that she requires with the exception of locomotives, wheels and axles and a few rolling stock specialities. Even in the case of locomotives and wheels and axles, plans have already been prepared for local works. The high level of duties has induced the leading U.K. groups manufacturing cigarettes and soap to supply the Indian market from their Indian factories, thereby entailing a permanent loss to United Kingdom exports of approximately £2 million per annum. The major portion of the imports of rubber tyres from the United Kingdom, now valued at £1,000,000 per annum, will shortly be supplied from the Dunlop Company's new works at Calcutta. Indian paints, paper, cement, tinplates, sugar, matches, agricultural implements, disinfectants and a host of subsidiary commodities are rapidly displacing the imported article to the embarrassment of the countries which formerly supplied these goods and, incidentally, to the detriment of the Indian revenue.

The Government of India, in their telegram of 14th May, 1936, to the Secretary of State on the subject of the Niemeyer Report, make the following significant admission :—

“ As regards Customs the general level of the tariff is now so high that the maintenance of the aggregate yield, which is by far the most important single factor in the whole revenue position, has become a somewhat precarious task. There is plainly no further reserve which could now be drawn upon to meet an emergency, as was done twice in 1931, and any serious relapse in the value of India's import trade would inflict damage which would be beyond the remedy of a mere increase of the tariff. Even if we exclude a further deterioration in the conditions of international trade, the present pitch even of the revenue duties is itself liable to provoke regressive tendencies. The Government of India therefore consider that any material increase in the tariff will endanger the practicability of the plan; they conceive in fact that in order to conserve the revenue yield it will be necessary from time to time to propose reductions of particular duties.”

It is clear from this authoritative statement that the Government of India are not likely to be in a position for some time to come to make any general all-round reduction of the revenue tariff, for example, by removing the first surcharge on all commodities. It is true that reductions probably will be made in particular cases where the law of diminishing returns has become operative. In these instances, however, the fact that a reduction of duty is found necessary in order to maintain the yield proves that serious damage has already been inflicted on the trades in question.

In addition to the damaging effects of the protective and revenue duties and of the “ Swadeshi ” movement, which is one of the most potent manifestations of economic nationalism, imports of

stores for the use of Indian Government Departments, including Railways, are subject to a further serious handicap on account of the unspecified preference which may be granted, under the provisions of the Stores Rules, to Indian manufacturers. The amount of the preference is not laid down and consequently the overseas supplier is unaware of the handicap with which he is faced even after he has allowed for the high protective duty (or revenue duty as the case may be) when making his quotation. The fact that a considerable sum in the form of duty accrues to the Customs revenue is not taken into consideration when weighing the relative advantages of an Indian vis-à-vis an overseas tender. No record of the amount of preference granted is ever published, but the overseas supplier is aware that the Indian Stores Department is charged with the duty of stimulating Indian industries and feels that the scales are weighted against him. Moreover, he is constantly being recommended by the officials of the Departments concerned to erect works in India if he wishes to retain his position as a contractor to Government—a form of pressure which is difficult to withstand even in cases where it is patently uneconomical to erect a small scale branch works in the country.

The question arises as to how it will be possible to make good the inevitable reduction in imports of such magnitude as cotton textiles, iron and steel, railway equipment, etc., which have hitherto been the mainstays of United Kingdom trade with India. A partial solution of the problem will be found in the rapid development of the country which is already resulting in a remarkable diversification of her economic requirements. The resilience shown by the imports of machinery, chemicals and transport vehicles is most marked. To these one might add the astonishing growth of recent demand for electrical appliances of all kinds, cinematograph films, wireless and broadcasting equipment, telephone installations, refrigerating and air-conditioning plants, and specialized equipment required for a rapidly growing industrial community. The response shown, of late years, by large sections of the Indian people to the provision of improved modern facilities has been remarkable. The recent extensions of the telephone network throughout the country have been taken up at once and have provided an almost immediate return on the capital invested. The senior Indian business man in the towns to-day travels by car as well as by rail, has his correspondence typed, uses the telephone, not only for long-distance calls to Indian centres but also to the United Kingdom and other foreign countries. He does not hesitate to travel by air, he probably owns a wireless set and almost invariably makes full use of electrical appliances such as modern lights, fans and domestic refrigerators. His family regularly attend the cinema and, in some cases, also drive their own cars. The demand for imported foodstuffs and beverages, which, until recently, were regarded as luxuries, is increasing rapidly. On all sides one sees, as in the United Kingdom,

a changed outlook towards commodities formerly regarded as luxuries, but which are now considered to be necessities for the enjoyment of a full life.

Even the conservative cultivator is being shaken out of his "pathetic contentment" by the extensions of motor transport, the ministrations of paternal agricultural departments and the availability of chemical fertilizers. Recent developments of village broadcasting in the North-West Frontier Province, the Punjab, Madras and elsewhere are calculated to widen his outlook and bring him into closer touch with the world. In the industrial field, Indian manufacturers demand the latest and most efficient processes and types of plant and equipment that the world can offer and insist upon expert advice, erection facilities, and continuous service after erection. In brief, India is rapidly being drawn into the world economic system and United Kingdom exporters must recognise that fact.

Happily, most of the classes of imports affected by these developments are those in which United Kingdom manufacturers already hold a large share and are keeping abreast of market requirements. It is most encouraging to note that in the newer highly technical industries, United Kingdom manufacturers are successfully meeting foreign competition and are reinforcing their efforts by adequate sales, technical and service organizations on the spot. Fortunately, too, these classes of imports, which are capable of such great expansion, can be developed without competing with India's own natural industrial development. The friendly co-operation of British manufacturing organizations, with their technical experience and knowledge of world-wide conditions, and Indian industrialists, with their knowledge of local conditions, should be most valuable in research work with the object of stimulating the consumption of their products by creating fresh outlets and uses for them and by joint effort to develop backward sections of the market and by promoting entirely new consumptive demand. *I am convinced that we must rely more and more in future on the supply of capital products and technical equipment to India, thus aiding her own development with our experience and technique.*

It must be recognized, however, that even in the most favourable conditions, the developments referred to cannot make good the volume of the trade that has been lost in the great staple industries. Until there is a lowering of the tariff and a considerable rise in purchasing power, any material improvement in the import trade will be impossible. The difficult revenue position of the Government of India, as disclosed by recent budget statements, the Niemeyer Report and the comments of the Government of India with regard to it, is likely to preclude any all-round lowering of the revenue tariff within the next year or two. During those years the protective effects of the tariff are likely to be accentuated and to restrict still further the volume of imports. United Kingdom manufacturers

must rely then on a marked rise in purchasing power, which can only take place if India can increase both the volume and value of her exports. The United Kingdom, by conceding duty-free entry, by propaganda and by co-operating wholeheartedly with Indian exporters, is the only country in the world which is doing its utmost to encourage its people to purchase Indian goods. The results have been remarkable as the figures show. At the same time, one must admit that there is a growing feeling of disappointment on the part of United Kingdom industrialists that these gestures of goodwill in the economic sphere are merely met by an increase of the difficulties placed in the way of United Kingdom exports to India. It has, of late years, been increasingly recognized that if a nation wishes to expand its export trade with another, it is necessary that it should endeavour to contribute to the prosperity of its customer by according facilities to promote the flow of trade in return. This is the more important when that customer consumes one-third of the exports and is the only open market that is capable of expansion. A tour of the cotton districts of Lancashire (many of which have become derelict owing to the virtual extinction of their Indian trade), and of the locomotive, carriage and wagon building and numerous other industries in the United Kingdom, which have suffered severely from their exclusion from the Indian market, would impress upon the authorities and politicians of India the effects on their best customer of their tariff policy in the past and the limiting factors to any appreciable increase in India's export and import trades in the future. Such a tour would make a useful preliminary to the forthcoming negotiations for a revision of the Ottawa Pact.

General position of British Trade in India.—The following table compiled by the Indian Statistical Department, clearly shows the percentage shares of the United Kingdom, the British Empire as a whole, and the principal foreign countries in the trade of India during the fiscal year 1935-6, compared with the previous year and the last pre-depression year 1928-9 :—

The fall in the United Kingdom share of Indian imports by 1.8 per cent., from 40.6 to 38.8 per cent., is the more disconcerting as it follows a drop in the previous year from 41.7 to 40.6 per cent. Moreover, these successive reductions in the United Kingdom proportion synchronised with an actual increase in the total imports of Rs.17 crores in 1934-5 and a further Rs.2 crores in 1935-6. The regression in the United Kingdom position in 1935-6 was mainly attributable to a drop of no less than Rs.2.15 crores in the imports of Lancashire piecegoods and, to a lesser degree, to declines in the percentage of the trade secured in iron and steel and non-ferrous metals. A study of Chapter IV and of Appendix II, Table A, will reveal that, in the wide variety of miscellaneous trades other than the items mentioned, our relative position has been generally well maintained and improved in many instances where the Ottawa preferences have been operative. The threat to our trade has been in items where German State-subsidised competition has been effective at prices in some cases fully 20 per cent. below the United Kingdom level or where Japanese shipments at equally non-competitive prices have proved to be impossible to meet. In these cases no reasonable percentage of fiscal preference would have availed. For the rest, there is reason to believe that the Ottawa preferences have been of value in assisting United Kingdom exporters to maintain their position vis-à-vis Continental and U.S.A. competitors. It must be recognized, however, that, between 1932 and 1935, United Kingdom exports to India advanced from £35 millions to £38 millions—a smaller proportionate increase than that in the aggregate exports from the United Kingdom to the Dominions, which were also subject to preferential treatment as a result of the Ottawa Agreement.

In the export trade also, it will be noted that while there has been steady progress in the value of our takings of Indian produce, the United Kingdom percentage of India's exports, after rising from 28 in 1932-3 to 32.2 in 1933-4, receded slightly to 31.6 in 1934-5 and 31 in 1935-6. I have already dealt with the reasons for this in the section on India's exports.

This leads to a consideration of the balance of trade as between India, on the one hand, and the United Kingdom, other parts of the British Empire, Europe, the U.S.A., Japan and other foreign countries on the other. The figures are included for the past two fiscal years and also for the last pre-War year for purposes of comparison :—

	1913-4.		
	Exports.	Imports.	Net Imports(-) or Exports (+)
	Rs. (crores)	Rs. (crores)	Rs. (crores)
United Kingdom	58	117	- 59
Other British Empire	36	11	+ 25
Total British Empire	94	128	- 34
Europe	85	30	+ 55
U.S.A.	22	5	+ 17
Japan	23	5	+ 18
Other Foreign Countries	25	15	+ 10
Total Foreign Countries	155	55	+ 100
GRAND TOTAL	249	183	+ 66

	1934-5.		
	Exports.	Imports.	Net Imports(-) or Exports (+)
	Rs. (crores)	Rs. (crores)	Rs. (crores)
United Kingdom	49	54	- 5
Other British Empire	22	11	+ 11
Total British Empire	71	65	+ 6
Europe	30	25	+ 5
U.S.A.	13	8	+ 5
Japan	24	21	+ 3
Other Foreign Countries	17	13	+ 4
Total Foreign Countries	84	67	+ 17
GRAND TOTAL	155	132	+ 23

	1935-6.		
	Exports.	Imports.	Net Imports(-) or Exports (+)
	Rs. (crores)	Rs. (crores)	Rs. (crores)
United Kingdom	50	52	- 2
Other British Empire	23	13	+ 10
Total British Empire	73	65	+ 8
Europe	—	—	—
U.S.A.	16	9	+ 7
Japan	22	22	—
Other Foreign Countries	49	38	+ 11
Total Foreign Countries	87	69	+ 18
GRAND TOTAL	160	134	+ 26

It will be observed that, in 1913, imports into India from the United Kingdom exceeded the value of exports to that country by no less than Rs.59 crores, the balance being settled by the usual mechanism of triangular trade, e.g. Indian exports to the U.S.A. were paid for by sterling drafts on London. Owing to the post-War reduction in imports from the United Kingdom and some increase in the takings of Indian produce, this adverse balance had been reduced to Rs.36 crores in 1929-30, the last pre-depression year. The sensational fall in imports during the first three years of the slump reduced it still further to Rs.11 crores in 1932-3. Then came the Ottawa Agreement and the ensuing stimulus to Indian exports without any material corresponding rise in imports. The result was that in 1931-2 and again in 1933-4 imports and exports balanced at Rs.45 crores and Rs.48 crores respectively, while during the past two years India's unfavourable balance has stood at Rs.5 crores and Rs.2 crores. The astounding reduction in the balance of transactions between the two countries will, it is hoped, help to silence the uninformed critics in India, who, for years, have referred to the annual "drain" in the relations between India and the United Kingdom.

It will be found that India enjoys a favourable balance in her relations with almost all countries with which she trades. In 1935-6 her active balances were as follows :—The British Empire as a whole—Rs.8 crores, the U.S.A.—Rs.7 crores, Japan—an exact balance, all foreign countries—Rs.18 crores, working up to an aggregate active balance of trade in merchandise of Rs.26 crores.

This question of the balance of trade with individual countries has an important bearing on India's foreign trade policy. It largely determines the relative advantages to be gained from the existing practice of granting general most-favoured-nation treatment to all foreign countries as compared with the recent European practice of concluding short-term bilateral agreements with individual countries. As the opinion had been gaining ground among Indian politicians that bilateral arrangements would offer a ready remedy for India's economic troubles, the Government of India examined the question with great care during the year under review. Their conclusions may be summarized as follows :—

(a) India's trade position is far from being in such desperate straits as some observers would seek to establish. On the contrary, current statistics justify a certain measure of optimism, and, given a rising tendency in world prices, prosperity would be in sight again. It does not, however, lie in the power of the Government of India to bring about that consummation.

(b) So far as Germany is concerned, India has undoubtedly suffered, but the statistics for the present year show a marked improvement, the balance in India's favour for the second and third quarters of the year being 25 per cent. of Germany's exports to India in that period. In Italy, India has done much better than could have been hoped for after the February Decree. In Iran also Indian trade has received a setback, but there is good reason to believe that Japanese competition, rather than Iranian restriction, is responsible. In the case of Turkey, India must be prepared for a certain amount of loss.

(c) Except in the case of Iran, the circumstances of the United Kingdom and India differ so much that the agreements concluded by the former with distressed and other countries provide no useful models for India.

(d) The system of bilateral clearing agreements which has been so popular in Europe could in present conditions only be harmful to India.

(e) Compensation or barter trade with the Government of India as a principal is impossible. Private compensation trade has its own dangers.

(f) Bilateral agreements with distressed countries are unlikely to be of benefit to India. A country which is prepared to restrict its imports will always drive a hard bargain with one anxious to sell.

(g) Any question of restriction of imports should at the present time be unthinkable.

(h) General most-favoured-nation treatment is still the best policy for a country like India.

(j) The circumstances of India's import and export trade are improving and her financial solvency is not in danger. A change in policy is not therefore essential.

The League of Nations in a recent report pointed out that "an unfavourable or adverse balance in a country with a sound currency is a *sine qua non* if a clearing system is to operate so as to further the interests of that country. To have a good clearing system you must have a bad balance of trade." The experts in Delhi who examined the question came to the conclusion that—

"Whether one takes a short view or a long view of the situation the conclusion is inescapable that the policy pursued by India is one for which there is every justification. On a short view, it is clear that India's abstinence from international engagements has not been to her disadvantage during the present crisis. In fact it would in all probability have done more harm than good had she entangled herself in a series of

negotiations in an attempt to solve problems the nature of which was imperfectly appreciated. If a longer view is taken, it must be remembered that India cannot isolate herself from the world and retain her present importance as a commercial unit. She must seek an outlet for her surplus produce in world markets and her ultimate prosperity is dependent on the general prosperity of the world trading community. Circumstanced as she is, essentially a supplier of foodstuffs and raw materials, it is to her interest that as early as possible there should be restored the free and unrestricted flow of international trade on which world prosperity depends. It is all against her interest to enter upon the type of agreement which has been so common in the past few years. Not only do such agreements tend to an immediate diminution of the mutual trade of the contracting parties, but by a diversion of trade from its natural channels inflict serious damage on third parties. *The policy of placing a favourable balance above volume of trade must lead to the extinction of all balances and the permanent shrinkage of international trade. India should be the last country to contribute to this result."*

Denunciation of the Ottawa Agreement.—The opinion held by many Indian politicians to the effect that bilateral agreements with individual countries would benefit India more than the existing policy of general most-favoured-nation treatment coupled with the Ottawa Agreement with the United Kingdom, had a dramatic result in the debate in the Indian Assembly on 30th March, 1936, when the following motion was carried by 70 votes to 65 :—

“ This Assembly recommends to the Governor-General in Council that the Ottawa Agreement, dated the 20th August, 1932, be terminated without delay and a notice of denunciation be given in terms of Article 14 thereof. The Assembly further recommends that the Government of India should immediately examine the trend of trade of India with various other important countries and the United Kingdom and investigate the possibility of entering into such bilateral trade treaties with them whenever and wherever possible to bring about the expansion of export trade of India in those markets and submit such treaty or treaties for the approval of this Assembly.”

The Commerce Member, Sir Mohammad Zafrulla Khan, had moved that a special Committee of the Assembly should be constituted to examine the working, during the three years of its operation, of the Ottawa Trade Agreement and to report to the House thereon. During a three days' debate the spokesmen of the Government of India, supported by unofficial representatives of Indian business, brought every possible argument to bear to ensure

that the working of the agreement should be referred to a Committee. The lucidity of the speeches and the wealth of sound argument and statistical detail which they contain have never been surpassed in the history of the Assembly and I would commend the reports of the debate to the attention of all those who may be interested in the subject. No serious effort was made by opponents of the motion to refute the array of arguments brought forward in favour of the Agreement and it soon became evident that the Opposition were actuated by purely political motives and were determined to inflict a defeat upon Government. Although representatives of European commerce and such prominent Indian industrialists as Sir Homi Mody and Sir Cowasjee Jehangir voted with Government, the original motion was lost and the motion of Mr. Jinnah, which is given above *in extenso*, was carried by a majority of five votes.

The one clear fact that emerges from the debate is that the verdict of the Assembly was the result of a purely political attempt to defeat Government in order to demonstrate the power of the Congress Opposition. It should not be taken as indicating, in any sense, the considered opinion of agricultural, commercial or industrial India with regard to the value of the Ottawa Agreement. Agricultural and industrial interests are not adequately represented in the present legislature and are largely inarticulate. It is significant, however, that such influential representatives of these interests as were present voted with Government.

The Government of India, on 13th May, tendered six months notice to terminate the Agreement and this notice was accepted by H.M. Government in the United Kingdom on the same day. The Agreement will therefore expire on 13th November, 1936, unless steps are taken by the two Governments temporarily to continue its provisions until a new agreement is concluded. As the procedure to be followed is still *sub judice* no further comment can here be made.*

Exceptional German Trade Methods.—During the past two years Germany has attempted to promote her export trade with India by certain methods hitherto not practised in the usual course of Eastern trade. These fall under three heads :—

(a) Attempts to conclude compensation or barter arrangements with the Government of India.

(b) Private compensation or barter arrangements with Indian States and produce exporting firms in India.

(c) Subsidizing of German exports of manufactures, notably machinery.

(a) Early in 1935 certain influential German emissaries approached the Government of India with the object of exploring to what extent it might be possible to allot to German exporters certain

* Note:—The Agreement has been extended subject to termination at three months' notice by either side unless it is replaced by a new agreement.

contracts for Indian Government requirements, e.g. railway material and equipment in exchange for an agreement to purchase additional quantities of Indian produce. The proposal was a tempting one as it was made at a time when Indian exports were at a low ebb and the Government of India were most anxious to do everything possible to foster them. The Government of India, however, explained that the award of State contracts for stores was governed by the Stores Rules, which provided for purchase in the cheapest market, irrespective of country of origin. They further indicated that Germany had an equal chance with other overseas tenderers to secure these contracts and had, in fact, already been successful in securing valuable orders for locomotives, boilers, etc.

Moreover, at that time, the balance of trade between the two countries which had normally shown an active balance in favour of India (the pre-war average balance was as 2 : 1 in favour of India), had begun to move against her (1934-5 exports to Germany Rs.6.98 crores ; imports from Germany Rs.10.12 crores) and the German representatives were recommended to redress this balance before consideration could be given to their proposals.

(b) Germany, however, by persuading certain Indian States and powerful exporting houses in British India to undertake compensation or barter business has been able to secure a sufficiency of raw materials of industry to enable her to carry on without any undue expenditure of the exchange resulting from her exports to India. Reports received from the Indian Trade Commissioner in Hamburg confirm that, to a great extent, import business in the commodities in which India is mainly interested has been of a " compensation " nature.

Examples of this type of trade include the exchange of Mysore sandalwood oil for steel plant, the exchange of Travancore copra and pepper for electrical generating plant and pipeline, the barter by Ahmedabad millowners of raw cotton against textile machinery, and an arrangement made by a prominent produce firm for the exchange of miscellaneous produce against imports of German plant and motor vehicles. A German trade representative has been in India for some months promoting this form of exchange and, in a recent interview, stated that Germany was prepared to offer machinery for sugar, cotton, textile, paper and other factories, plant and equipment for new industries such as the shoe, motor vehicle and cycle industries. She also offered chemicals, dyes, iron and steel, electrical apparatus and glassware. In return she was prepared to take greatly increased quantities of cotton, jute, hemp, oilseeds, oilcakes, tea, coffee, pepper, rice and hides and skins.

While, therefore, compensation business on a national basis has been found to be impracticable in the case of India, it has been freely conducted on an individual basis as a result of private enterprise. There is, however, the great disadvantage that, in India, except in the case of a very few large firms, the exporter is not usually an importer (and *vice-versa*) and is, therefore, not in a position to negotiate compensation deals. The system, therefore, runs counter to the established channels of trade.

(c) Examples are numerous of German firms obtaining Government and private contracts in India during the past two years at prices much below the level of quotations both from the United Kingdom and all other overseas tenderers. These cases usually take the form of tenders for power plants (particularly internal combustion engines), electrical generating sets for mills and factories, light railway material and industrial machinery and equipment of all kinds. The disparity in price is so great between the German and other Continental tenders that it seems clear that the exporters must be enjoying some form of special assistance under one or other of the schemes to stimulate exports and provide foreign exchange. The effect is seen in an increased import last year of German machinery from Rs.126 to Rs.164 lakhs.

Sanctions against Italy.—India, in fulfilment of the obligations following from her membership of the League of Nations, joined with her fellow members in imposing Sanctions, financial and economic, against Italy. To quote the words of H.E., the Viceroy —“The economic isolation of so important an industrial and economic power as Italy must bring in its train a most serious disturbance of world economy, but it will be our endeavour to minimize by every means in our power its effects on India's trade and commerce. It is impossible yet to estimate what these effects will be. There will be many loose ends to join together, and with this object in view there has been constituted a special Committee of the League of Nations whose duty it will be to co-ordinate the efforts of individual States towards a redistribution of the trade which has hitherto flowed in Italian channels. Steps have already been taken to ensure that in the deliberations of this Committee the claims of India to the fullest consideration will be most energetically pursued.”

The following table shows, in crores of rupees, the exchange of merchandise between India and Italy for the past few years :—

Year.				Exports to Italy.	Imports from Italy.
1931-2	...	...	...	5.50	3.59
1932-3	...	...	...	4.78	3.95
1933-4	...	...	...	5.75	2.91
1934-5	...	...	...	5.84	3.02
1935-6	...	...	...	3.25	2.00

Even before the application of Sanctions, India stood to suffer from the imposition by Italy in 1934 of import restrictions on a considerable scale, notably the quota restriction on oilseeds. These disabilities were overshadowed in the second half of the fiscal year by the virtual prohibition of imports from Sanctionist countries into Italy.

In Appendix II table F will be found a list of the principal articles imported from Italy. Arrivals of Italian goods received their first setback in 1933-4 due mainly to the considerable increase in the import duties on all foreign textiles which was intended to check Japanese imports but which, owing to the need for maintaining most-favoured-nation treatment, had to be applied to the goods of all non-British countries. The imposition of Sanctions dealt a further heavy blow to Italian trade. Thus, in 1935-6, imports of woollen piecegoods and mixture cloths had fallen from over Rs.7 lakhs to less than Rs.2½ lakhs, artificial silk yarn from Rs.46 lakhs to Rs.24 lakhs, artificial silk mixture cloths from Rs.8 lakhs to Rs.3 lakhs, and sulphur from Rs.9½ lakhs to Rs.8 lakhs. It should be noted that considerable quantities of German, Austrian, Hungarian and Czechoslovak goods are shipped by Italian steamers from Genoa and Venice, some of which appear in the returns as being of Italian origin. As the import trade in all the textile items referred to slumped heavily during the year, it is extremely doubtful whether there has been any diversion of the trade to other sources of supply. Japan may have obtained some benefit in artificial silk yarn, but it cannot be said that the United Kingdom has derived any advantage from the diversion of Italian trade due to the application of Sanctions by India.

The Balance of Trade.—The following statement compares India's visible balance of accounts during the year with the figures for the two preceding years. The detailed figures work up to a *plus* or *minus* balance (*plus* representing net export and *minus* representing net import) for each of the three main heads of classification, namely—

- (1) private imports and exports of merchandise,
- (2) private imports and exports of treasure, and
- (3) remittances through Government.

	Twelve months, April to March.		
	1933-4.	1934-5.	1935-6.
Exports of Indian merchandise (private)	Rs. (lakhs) + 147,25	Rs. (lakhs) + 151,67	Rs. (lakhs) + 160,49
Re-exports of foreign merchandise (private)	+ 3,42	+ 3,55	+ 3,77
Imports of foreign merchandise (private)	- 115,00(a)	- 131,80(a)	- 133,71(a)
Balance of trade in merchandise (private)	+ 35,67	+ 23,42	+ 30,55
Gold (private)*	+ 57,05	+ 52,53	+ 37,35
Silver (private)*	- 1	- 37	- 1,27
Currency notes (private)... ..	+ 19	+ 37	+ 29
Balance of transactions in treasure (private)	+ 57,23	+ 52,53	+ 36,37
Total visible balance of trade ...	+ 92,90	+ 75,95	+ 66,92
Purchases of Sterling by the Reserve Bank of India	- 59,97	- 49,82	- 45,58(b)
Sales of Sterling by the Reserve Bank of India	-	-	-
Transfers of Government securities ...	- 11	+ 32	- 56
Interest drafts on India in respect of Government of India securities ...	- 36	- 28	- 31
Balance of remittances of funds ...	- 60,44	- 49,78	- 46,45

* These exclude transactions which do not enter into the balance of trade.

(a) Exclusive of the value of Railway materials (Rs. 36 lakhs, Rs. 49 lakhs and Rs. 68 lakhs in the twelve months, April to March, 1933-4, 1934-5 and 1935-6 respectively), imported direct by State Railways working under Company management which was not paid for in the ordinary way and not, therefore, taken into account in arriving at the balance of trade.

(b) Figures for previous years given against this item relate to sterling purchases in India by Government.

It will be noted with satisfaction that the favourable balance of trade in merchandise exceeded that of last year by Rs.7,13 lakhs. It is still Rs.67,00 lakhs behind the average of the ten years ended 1930-1. Adding the net export of treasure, amounting to Rs.36,37 lakhs, we arrive at a total visible balance of trade of Rs.66,92 lakhs, which shows a decrease of Rs.9,03 lakhs as compared with the previous year, but which is more than adequate to meet India's essential obligations in London. While it is true that this favourable position still depends upon a substantial export of gold and that gold shipments are declining to some extent, there are distinct signs of revival in the export of merchandise, which, it is hoped, will gather momentum so that, as the world position improves, the visible balance of trade will be based on a firm foundation of

exports of goods rather than on the temporary phenomenon of exports of treasure. As Sir George Schuster pointed out at the Ottawa Conference :—

“ The Government of India, in order to meet its essential obligations has to find about £30 million sterling annually, that is to say, Rs.40 crores while, on the average, a further margin of 10 crores (£7½ million) at least is required to meet other items in the adjustment of payments on private accounts. Therefore, apart from movements of capital or the country's requirements for the purchase of precious metals, India in order to maintain an even position requires a favourable trade balance of at least Rs.50 crores (£37½ million) annually.”

The Course of Exchange.—The average selling rate, in Calcutta, of telegraphic transfers on London remained constant each month throughout the year at ls. 6 $\frac{3}{32}$ d.

Remittances to the United Kingdom by the Reserve Bank.—The total amount of sterling purchased by the Reserve Bank during the 12 months of 1935-6 amounted to £34.41 millions. The position of the note issue and the reserves held against it on 27th March, 1936, are shown in the following weekly statement of the Reserve Bank :—

<i>Liabilities.</i>	Rs.	Rs.	<i>Assets.</i>	Rs.	Rs.
Notes held in the Banking Department	26,76,03,000		A.—Gold Coin and Bullion—		
Notes in circulation	1,68,81,81,000		(a) Held in India	41,55,19,000	
Total Notes issued		1,95,57,84,000	(b) Held outside India	2,86,98,000	
			Sterling Securities	67,31,87,000	
			Total of A		1,11,74,04,000
			B.—Rupee Coin		59,41,14,000
			Government of India rupee securities		24,42,66,000
			Internal Bills of Exchange and other Commercial Paper		—
Total Liabilities		1,95,57,84,000	Total Assets		1,95,57,84,000

Ratio of Total of A to Liabilities 57·133 per cent.

The Bank Rate.—The next table gives the bank rate of the Imperial Bank of India on the first day of each month from 1929-30. Since July, 1935, the Reserve Bank of India rate is given :—

	1929-30.	1930-1.	1931-2.	1932-3.	1933-4.	1934-5.	1935-6.
1st of April ...	8	6	7	6	3½	3½	3½
May ...	7	6	7	5	3½	3½	3½
June ...	6	6	6	5	3½	3½	3½
July ...	5	6	6	5	3½	3½	3½
Aug. ...	5	5	6	4	3½	3½	3½
Sept. ...	5	5	7	4	3½	3½	3½
Oct. ...	5	5	8	4	3½	3½	3½
Nov. ...	7	5	8	4	3½	3½	3½
Dec. ...	7	6	8	4	3½	3½	3
January ...	7	6	8	4	3½	3½	3
February ...	7	7	7	4	3½	3½	3
March ...	7	7	6	3½	3½	3½	3

The Year's Loans.—The following extract from the budget speech of the Hon. the Finance Member on 28th February, 1936, gives the borrowing programme of the Government of India during the year :—

“ Government have been able to take considerable advantage of the low market rates for borrowing which prevailed both in India and in England during the year. Two loans were issued. The first was a sterling loan early in July for £10 millions of 3 per cent. stock 1949-52 in part replacement of £12 millions of 6 per cent. Sterling Bonds 1935-7. The loan was issued at 98 and was oversubscribed seven times, the lists being closed ten minutes after opening. At the end of the same month a 3 per cent. Rupee Loan 1951-4 for Rs.15 crores at Rs.96.8 was announced. The Reserve Bank was entrusted with the issue of the loan and applications amounted to nearly Rs.30 crores. Applications for conversion of 5 per cent. Bonds 1935 and 6½ per cent. Treasury Bonds 1935 were accepted in full and were allotted nearly Rs.13 crores. This is the first time that the Government of India has been able to raise a 3 per cent. medium term loan at such a favourable rate. £3½ millions of East Indian Railway 4½ per cent. Debenture Stock 1935-55 have also been repaid during the year.”

“ Next year (1936-7) there are no rupee maturities but £16.8 millions of 5½ per cent. Sterling Stock 1936-8 fall due for repayment and we are proceeding on the assumption that we shall be able to repay this amount without further borrowing in London. This together with the full effect of the conversion operations of the present year enables us to reduce the estimate for interest charges to Rs.9,20 lakhs or nearly Rs.1½ crores less than the revised estimate for the current year (1935-6) ”.

Treasury Bills.—The Finance Member, in his budget speech, stated that the Treasury Bills outstanding on 1st April, 1935, amounted to Rs.18,27 lakhs with the Public and Rs.36,07 lakhs with the Reserve Bank, a total of Rs.54,34 lakhs. The revised budget estimate provided for the reduction of this amount to Rs.13,99 lakhs with the Public and Rs.20,10 lakhs with the Reserve Bank, Rs.34,09 in all by the end of March, 1936, as against a total of Rs.46 crores anticipated in the budget. The difference of Rs.12 crores is due to the cancellation of Bills held in the Issue Department of the Reserve Bank mainly as a result of the transfer of surplus sterling assets to the Bank. The average rate of interest on Treasury Bills for the ten months ended 31st January, 1936, was Rs.1—4—9 per cent. against Rs.1—8—10 per cent. for the corresponding period of last year. During 1936-7, on the assumption that the sterling loan will be repaid without further borrowing from the market, the outstanding balance of Treasury Bills on 31st March, 1937, is expected to be Rs.20,10 lakhs with the Reserve Bank and Rs.24,99 lakhs with the Public, a total of Rs.45,09 lakhs.

The Reserve Bank.—The Reserve Bank of India began to function from the 1st April, 1935, from which date the Bank took over the management of the Currency Department of the Government of India by the creation of a special Issue Department. The assets of the Gold Standard Reserve were transferred to the Bank and were combined with the assets of the Currency Department. From the 1st July, 1935, the Banking Department was opened and the scheduled banks deposited the required percentage of their demand and time liabilities. The Clearing House was transferred from the Imperial Bank to the Reserve Bank as from that date.

Below are tables showing the average figures of the weekly statements issued by the Reserve Bank during the year :—

Issue Department. (in lakhs of rupees).

Average of Friday figures.	Notes held in Banking Department.	Notes in Circulation.	Total.	Gold Coin and Bullion.	Sterling Securities.	Rupee Coin	Rupee Securities.
1935—							
April ...	18,58	167,51	186,09	44,42	48,03	49,99	43,05
May ...	18,83	167,02	185,85	44,42	49,03	49,75	42,65
June ...	21,90	165,14	187,04	44,42	52,94	50,94	38,74
July ...	30,30	169,41	189,71	44,42	65,19	53,61	26,49
August ...	35,33	156,57	191,90	44,42	65,19	55,80	26,49
September ...	35,98	157,44	193,42	44,42	65,69	57,31	26,00
October ...	33,65	160,68	194,33	44,42	66,19	58,20	25,52
November ...	33,32	161,37	194,69	44,42	66,19	58,56	25,52
December ...	27,47	166,53	194,00	44,42	66,19	57,85	25,54
1936—							
January ...	24,67	168,96	193,63	44,42	66,19	57,48	25,54
February ...	25,46	168,73	194,19	44,42	66,75	58,04	24,98
<i>Figures for Week ended—</i>							
March 6 ...	24,24	170,15	194,39	44,42	67,32	58,23	24,42
13 ...	23,71	170,93	194,64	44,42	67,32	58,48	24,42
20 ...	25,11	170,00	195,11	44,42	67,32	58,95	24,42
27 ...	26,76	168,82	195,58	44,42	67,32	59,41	24,43
April 3 ...	25,53	169,34	195,37	44,42	67,32	59,20	24,43
10 ...	22,11	173,23	195,34	44,42	67,32	59,17	24,43
17 ...	22,32	173,13	195,45	44,42	68,32	59,28	23,43
24 ...	24,59	170,69	195,28	44,42	68,32	59,11	23,43

Bank Department—(in lakhs of rupees).

36

Capital and Reserves.	Deposits.		Other Accounts.	Total.	Notes and Coin.	Balances held Abroad.	Loans and Advances to Government.	Investments.	Other Accounts.
	Government.	Banks.							
10,00	17,87	7,95	17	35,99	18,65	12,10	—	5,05	19
10,00	17,13	13,16	48	40,77	18,92	16,23	—	5,25	37
10,00	20,23	15,45	59	46,27	21,97	17,74	—	5,92	64
10,00	9,31	26,42	55	45,28	30,39	8,09	—	6,03	77
10,00	11,96	30,98	1,05	53,99	35,47	11,92	—	6,16	44
10,00	10,96	36,78	93	58,67	36,11	15,69	—	5,80	1,07
10,00	9,93	30,24	1,18	51,35	33,78	11,60	—	5,43	54
10,00	8,61	31,25	1,51	51,27	33,45	11,35	60	5,31	56
10,00	9,78	28,75	2,00	50,53	27,68	16,59	50	5,23	63
10,00	6,21	34,69	1,38	52,28	24,75	17,55	4,40	5,29	29
10,00	6,61	35,63	1,08	53,32	25,55	20,00	2,25	5,16	36
10,00	6,68	36,47	93	54,08	24,32	20,18	4,00	5,11	47
10,00	6,47	36,32	86	53,65	23,81	21,40	3,00	5,06	38
10,00	6,22	37,55	92	54,69	25,21	22,14	2,00	5,06	28
10,00	8,56	36,03	96	55,55	26,85	23,08	—	5,06	56
10,00	7,87	34,79	89	53,55	25,61	22,45	—	5,06	43
10,00	6,90	35,03	1,42	53,35	22,19	21,78	4,00	5,06	32
10,00	6,67	36,59	91	54,17	22,41	20,09	6,00	4,99	68
10,00	6,47	36,50	88	53,85	24,69	19,42	4,00	4,97	77

Cheque Clearances.—The total cheque clearances in 1935-6 amounted to Rs.1,827 crores as compared with Rs.1,742 crores in the preceding year or an advance of Rs.85 crores. Cheque clearances in 1935-6 were the second highest in the past seven years and were only less than those in 1929-30.

Notes in Circulation.—The average value of the currency notes in circulation at the end of each month is shown below for each year since the last pre-depression year of 1929-30 :—

1929-30	...	...	Rs.183 crores	1932-3	...	...	Rs.174 crores
1930-1	...	...	Rs.165 crores	1933-4	...	...	Rs.178 crores
1931-2	...	...	Rs.164 crores	1934-5	...	...	Rs.183 crores
				1935-6	...	...	Rs.192 crores.

As an index of the greater spending power evident during the past year, it will be noted with satisfaction that the average circulation of the year was Rs.9 crores in excess of 1934-5 and was actually higher than the figure for the year 1929-30.

Index Numbers of Indian Securities.

(1) $3\frac{1}{2}$ Per cent. Government Paper.—The following table gives the monthly index numbers of the market prices of $3\frac{1}{2}$ per cent. Government Paper (repayable at three months' notice) since April, 1929. It will be noted that there has been an advance of over 33 per cent. on the April, 1929, figure.

Basis : July, 1914 = 100.

1929-30. 1930-1. 1931-2. 1932-3. 1933-4. 1934-5. 1935-6.

April	...	75	71	66	64	91	92	95
May	...	75	67	65	66	88	92	98
June	...	73	68	63	64	84	92	98
July	...	71	67	63	72	87	93	99
August	...	71	66	62	72	89	93	96
September	...	72	67	58	72	88	95	93
October	...	71	67	54	76	86	95	94
November	...	71	68	58	77	86	97	99
December	...	71	67	55	76	86	101	100
January	...	70	65	55	82	87	102	100
February	...	67	65	58	85	88	101	101
March	...	69	65	64	88	92	99	102

The highest and lowest yields from July, 1935, to April, 1936, were 3.91 per cent. and 3.57 per cent. respectively.

(2) *Non-Speculative Industrial Securities (mainly Debentures and Preference Shares).*—The next statement gives the index numbers of this group from April, 1929, and shows an advance of over 20 per cent. on the April, 1929, figure.

Basis: July, 1914 = 100.

1929-30. 1930-1. 1931-2. 1932-3. 1933-4. 1934-5. 1935-6.

April ...	...	112	98	94	88	107	113	130
May ...	...	112	98	93	88	109	114	130
June ...	...	111	98	92	88	109	116	131
July ...	...	110	97	92	88	110	116	130
August ...	...	110	97	90	92	110	118	131
September ...	...	110	96	88	94	111	121	128
October ...	...	109	96	86	96	110	125	128
November ...	...	109	95	87	100	110	126	129
December ...	...	108	95	86	101	110	127	131
January ...	...	101	95	86	103	110	129	131
February ...	...	101	96	86	105	111	133	134
March ...	...	99	94	88	105	112	133	135

(3) *Speculative Securities*.—The last statement shows the index numbers of the speculative group for the same period and records an actual drop of 12 per cent. during the period.

Basis: July, 1914 = 100.

1929-30. 1930-1. 1931-2. 1932-3. 1933-4. 1934-5. 1935-6.

April ...	...	241	208	160	129	167	196	212
May ...	...	241	212	156	125	174	195	219
June ...	...	239	206	135	125	178	200	222
July ...	...	238	193	131	128	177	199	216
August ...	...	243	185	116	144	175	205	214
September ...	...	240	174	117	149	173	212	202
October ...	...	246	171	132	153	174	227	211
November ...	...	233	142	135	152	175	239	218
December ...	...	229	162	154	150	172	241	226
January ...	...	221	152	125	157	181	250	220
February ...	...	206	164	118	169	184	247	213
March ...	...	204	162	130	160	194	236	212

The Public Debt.—The following statement shows separately loans, Treasury Bills in the hands of the Public and in the Paper Currency Reserve, and other obligations. On the other side of the account are shown the cash, bullion and securities held on Treasury account, that is to say, as distinct from the Paper Currency and the Gold Standard Reserves. Those assets are also shown which are represented by definite interest-bearing obligations to the Government of India either from Provincial Governments and Indian States or the Indian Railways and other Government commercial departments :—

	31st March, 1934.	31st March, 1935.	31st March, 1936.
Interest-bearing obligations.	(In crores of Rupees)		
<i>India—</i>			
Loans (a)	435.43	438.31	425.91
Treasury Bills in the hands of the public ...	33.31	18.27	} 34.09
Treasury Bills in the Paper Currency Reserve	25.93	36.07	
Ways and Means Advance	—	—	—
Other Obligations—			
Post Office Savings Banks	52.23	58.30	67.80
Cash Certificates	63.71	65.96	65.96
Provident Funds, etc.	83.77	89.80	95.99
Depreciations and Reserve Funds	13.04	13.05	12.74
Provincial Balances (b)	6.17	6.66	4.93
Total Loans, etc.	494.67	492.65	460.00
Total Other Obligations	218.92	233.77	247.42
Total in India	713.59	726.42	707.42
<i>In United Kingdom—</i>	(In millions of £'s.)		
Loans (a)	321.01	323.38	317.75
War Contribution	16.72	16.72	16.72
Capital value of liabilities undergoing redemption by way of terminable railway annuities	45.35	43.58	41.75
India Bills	—	—	—
Provident Funds, etc.	1.03	1.15	1.27
Total in United Kingdom	384.11	384.83	377.49
Equivalent at 1s. 6d. to the Rupee	(in crores of Rupees)		
	512.15	513.11	503.32
Total Interest-bearing obligations	1,225.74	1,239.53	1,210.74
Interest-yielding assets—			
Capital advanced to Railways	754.94	755.63	757.38
Capital advanced to other Commercial Departments	23.23	23.76	24.30
Capital advanced to Provinces	175.18	178.15	186.82
Capital advanced to Indian States and other interest-bearing loans	21.11	20.32	20.92
Total Interest-yielding assets	974.46	977.86	989.42
Cash, bullion and securities held on Treasury account	43.25	63.33	22.99
Balance of total interest-bearing obligations not covered by above assets	208.03	198.34	198.33

(a) These figures represent the nominal amounts of loans outstanding and also include comparatively small amounts of expired loans which do not bear interest.

(b) The figures represent those portions of provincial balances which bear interest either because they form part of the old Famine Insurance Fund or the present Famine Relief Fund or because they have been placed with the Government of India on fixed deposit.

The remarkable strength of India's debt position is clear. It will be noted that India's unproductive debt remains approximately the same at the low figure of Rs.198 crores (£148·5 million). A study of the table shows that India possesses interest-yielding assets plus cash, bullion and securities held on Treasury account amounting to Rs.1012·41 crores to set against her total interest-bearing obligations of Rs.1210·74, leaving an uncovered balance of only Rs.198·33 crores or 17 per cent. of the whole. It will be admitted that the debt position rests on a very firm basis when it is appreciated how large a proportion of the debt is invested in railways and irrigation projects, both being magnificent assets which, when economic conditions improve, will again show increasing returns and provide a growing contribution to the relief of taxation.

The Indian Budget.—The Honourable Sir James Grigg, Finance Member of the Government of India, in his annual budget speech on 28th February, 1936, reviewed the results of the financial years 1934-5 and 1935-6 and presented his estimates for the year 1936-7.

Financial Year 1934-5.—It was anticipated that the year would close with a surplus of Rs.3,27 lakhs. The actual figure proved to be Rs. 4,95 lakhs. The excess of Rs.1,68 lakhs over the revised forecast was due mainly to an increase of Rs.1,50 lakhs under Customs and Excise. Improvements also occurred of Rs.30 lakhs on Income Tax, Rs.24 lakhs on Posts and Telegraphs and Rs.19 lakhs on Currency and Mint. These were partially counterbalanced by a short fall of Rs.55 lakhs on Salt. The betterment under the head of Customs and Excise was due to increases, both on imported and on indigenous kerosene, improvements in the yield of the export duties on jute and rice, an improved yield from matches and unusually high seasonal importations of cotton fabrics, raw cotton and machinery. As the Finance Member significantly remarked—"I attached rather too much importance to the Cassandra-like prophecies of those who were concerned for one reason or other to proclaim that India was being ruined by its attachment to the British Empire and its adherence to sterling, and too little to the assurances of those who told me that India had a marvellous power of recuperation from economic troubles."

Financial Year 1935-6.—The revised forecast in this year also showed a great improvement over the budget estimates with an anticipated surplus of Rs.2,42 lakhs instead of Rs.6 lakhs budgeted for. This surplus is produced by an improvement of Rs.3,53 lakhs in revenue offset by a deterioration of Rs.1,17 lakhs in expenditure. Of the excess of Rs.3,53 lakhs, the import duty on sugar is responsible for Rs.1,85 lakhs and all other heads of revenue account for Rs.1,68 lakhs. The Finance Member stated that "Apart from sugar, we hope to have an excess of Rs.40 lakhs in Income Tax clearly due to the improvement in trade being greater than we expected, and in Customs, etc., we anticipate almost precisely the

same kind of excesses as were shown by the final results of 1934-5 over the revised forecast. Raw cotton, machinery, petrol, the export duty on jute and the excises on sugar and matches are all heading for surpluses. Textile fabrics as a whole do not disclose much variation but there are large differences in detail. For example, cotton fabrics of British manufacture are Rs.80 lakhs below the estimate, but this is more than counterbalanced by an increase of Rs.90 lakhs in cotton fabrics of other than British manufacture."

Estimates for the Financial Year 1936-7.—The total estimates for revenue, excluding Railways, are Rs.87,35 lakhs, an improvement of Rs.83 lakhs over the revised estimates for 1936-7. Customs receipts are estimated at Rs.54,82 lakhs. This figure presumes a deterioration of Rs.1,60 lakhs under the sugar import duty and an all-round improvement of Rs.1,71 lakhs under other heads. Provision is made for some recovery from the very striking fall in the imports of United Kingdom cotton fabrics and for a continued expansion of the yield of the match excise and the petrol duties. As regards income tax, the Finance Member stated that he is counting on the undoubted and, it is hoped, continuing improvement in economic conditions. He anticipates a receipt of Rs.17,60 lakhs, i.e., an increase of Rs.80 lakhs even over the revised estimate for the current year, or Rs.1,20 lakhs over the current year's original estimate after allowing for the reduction in the surcharges. The summarized estimates for 1936-7 provide for revenue amounting to Rs.87.35 lakhs, expenditure totalling Rs.85.30 lakhs giving an estimated surplus of Rs.2,05 lakhs.

Disposal of the Surplus for 1934-5.—The whole of the unallocated surplus of 1934-5 was devoted to the constitution of a fund for the economic development and improvement of rural areas. There remains an unexpected balance in this fund of Rs.173½ lakhs, which the Finance Member proposed to allocate as follows:—

- (1) A grant of Rs.30 lakhs for agricultural research.
- (2) A grant of Rs.10 lakhs to the Indian Research Fund Association to be devoted mainly to schemes connected with the prevention or cure of malaria.
- (3) A grant of Rs.5 lakhs for the benefit of cottage and small-scale woollen industries following the recommendation of the Woollen Tariff Board referred to on page 106.
- (4) A grant of Rs.20 lakhs to the fund for the development of broadcasting on the grounds that the provision of instructional lectures on agriculture and health give broadcasting a legitimate claim on the resources of the Rural Development Fund.

There remains a balance in the Rural Fund of Rs.1,08½ lakhs, which will probably be allocated to the Provinces on a rural population basis for expenditure on schemes to be approved by the Government of India.

Disposal of the Surplus for 1935-6.—Of the estimated surplus of Rs.2,42 lakhs which was expected to be available at 31st March, 1936, the Finance Member proposed to allot Rs.45 lakhs to the new provinces of Sind and Orissa to meet expenditure on buildings at the new capitals, leaving a balance of Rs.1,97 lakhs, with regard to which Sir James Grigg stated :—

“ Before I can deal with this, we must not only look at the position as it is likely to be in 1936-7 but we must also cast forward and attempt to make some estimate of the position we shall be faced with in 1937-8 and the immediately succeeding years.

“ We now expect to have a non-recurring balance of Rs.1,97 lakhs available from 1935-6 and an estimated surplus of Rs.2,05 lakhs available in 1936-7. What does this imply for 1937-8 which we are assuming to be the first year of Provincial Autonomy? If all goes well, we may perhaps count upon certain reductions in interest charges and improvements of revenue which will produce what in Government of India parlance is known as a betterment of some Rs.2½ crores over the figures for 1936-7. On the other hand, the separation of Burma will cost us Rs.2¾ crores in that year while it would not be safe to assume a figure of less than Rs.2 crores as the cost of the initial adjustments which will emerge from Sir Otto Niemeyer's enquiry, i.e., on the existing basis of taxation we can expect in 1937-8 at best a bare balance. If this conclusion is right, then it looks at first sight as if it would be unjustifiable to reduce taxation at all this year and of course it is always much more satisfactory to play for safety in financial affairs. I know however what feeling was aroused in commercial quarters by the postponement of their claim for a reduction of the emergency taxation in favour of the restoration of the pay cut and it behoves me therefore to look a little more closely into the possibilities. For this purpose it is necessary to look also at the year 1938-9. There ought in that year to be no major alterations of expenditure while we may hope that if our affairs continue to go well, there may be a further expansion of some Rs.2 crores in revenue receipts. If this calculation is justified, then it would perhaps be legitimate to reduce taxation in 1936-7 by something like Rs.2 crores if we can find a non-recurring balance of about the same amount to fill up the consequent deficit in 1937-8. Here then is the significance of the Rs.197 lakhs remaining over from 1935-6. I propose to ask the House to transfer this balance to a *Revenue Reserve Fund* available to help out the finances of the first year of Provincial Autonomy and in this way I can, with a fairly clear conscience, propose remissions of taxation in 1936-7 so long as they do not alienate revenue to a greater extent than about Rs.2 crores a year.”

Disposal of the Surplus for 1936-7.—The Finance Member then announced that he had decided to halve the present surcharge on income tax, leaving it at one-twelfth, and to abolish the levy of income tax on incomes between Rs.1,000 and Rs.2,000. The cost of these reductions is Rs.1,85 lakhs. With the balance of Rs.20 lakhs he proposed to make a postal concession by allowing an increase in the weight of the one anna letter from a half to one tola and the adoption of a scale of an additional half anna for every additional tola. This concession will cost Rs.13 lakhs a year leaving a balance on the budget of Rs.7 lakhs.

In concluding his budget speech the Finance Member stated :—

“ I do not expect that all fair-minded people will admit that the budget is a reasonable compromise between the claims of the agricultural producer, the claims of the direct taxpayer and the supreme necessity for preserving the credit of India. If I have erred, I think it is in departing too much from the strict canons of financial orthodoxy which I put forward last year, viz., that non-recurrent resources should not be devoted to recurrent demands. The only justification for this departure is the fact that *India's economic and political barometers are both rising*. If they continue to rise, all may be well. If they do not, the risk will be proved unjustified. And perhaps I may end by saying that the economic barometer cannot rise if the political barometer falls and that the political barometer must fall if the political thermometer rises.”

The Railway Budget.—The Hon. Member for Commerce and Railways, in introducing the Railway Budget on the 17th February, 1936, prefaced his remarks by explaining that all expectations of steadily improving traffic receipts had been disappointed by the downward tendency which set in in February, 1935, and which continued during the remainder of that year and the early months of 1936. When the 1935-6 budget was framed, it was estimated that the total traffic receipts in respect of State-owned lines would amount to Rs.93½ crores and the total working expenses, including depreciation, to Rs.64.43 crores. Allowing for miscellaneous receipts and expenditure, the net railway revenue was estimated at Rs.29½ crores, resulting in a deficit of under Rs.2 crores. To justify this estimate of traffic receipts, earnings in 1935-6 should have been about Rs.3¼ crores more than was earned in 1934-5 but during the last ten months of the year traffic earnings were consistently below those of the previous year and it was considered unlikely that traffic receipts would exceed Rs.90 crores, i.e., Rs.0.5 crores below the 1934-5 figure and Rs.3½ crores below the original budget estimate. The principal commodities which contributed to this fall were rice, cotton and oil seeds. On the other hand, working expenses (including depreciation) were expected to be Rs.64.01 crores, i.e., Rs.42 lakhs below the budget estimate. Allowance being made for miscellaneous receipts and expenditure the total net revenue at 31st March, 1936, was expected to stand at Rs.26.83

crores, which is slightly more than that in 1934-5. Interest charges were less by Rs.43 lakhs, the estimated total net deficit being just over Rs.4½ crores. It was proposed to meet this by a loan from the depreciation fund, the actual balance of which would, at the end of the year 1935-6, be just under Rs.9 crores. During the past years total borrowings from the depreciation fund to meet deficits had attained the high figure of Rs.32 crores. But for these borrowings the actual balance of the depreciation reserve would have amounted to just over Rs.41 crores.

Estimates for 1936-7.—The total traffic receipts on State lines, both commercial and strategic, are estimated at Rs.91½ crores, against Rs.90 crores last year. Total working expenses are estimated at Rs.64½ crores. Net traffic receipts will thus stand at Rs.26¾ crores. Allowing Rs.1 crore for miscellaneous receipts, net revenue will stand at Rs.27.67 crores, an improvement of Rs.84 lakhs upon the current year. This figure will fall short of total interest charges by Rs.3.44 crores, so that a loan of Rs.3.44 crores from the depreciation fund will again be required and the actual balance in the fund at the end of the year will be about Rs.11¾ crores. Total loans from the fund will then stand at about Rs.35½ crores and the *nominal* balance of the fund will be over Rs.47¼ crores. The estimate of earnings for 1936-7 has been framed in a conservative spirit. It assumes an improvement of Rs.1 crore from alterations in rates and fares which Railways have introduced or intend to introduce during the current year, but in actual volume of traffic it assumes no more than that in 1936-7 the traffic will equal that obtained in 1934-5 and that the ground lost in 1935-6 will be recovered.

The Railway Member attributed the falling-off in earnings to :—

- (a) world depression and general collapse of commodity prices,
- (b) the striving after self-sufficiency by almost every country in the world, including India, and development of internal trade and production, and
- (c) the increase in motor competition, and to a lesser degree, river and sea competition.

To these may be added certain factors which have tended towards keeping working expenses at a higher level than would have been reached had they not come into play. These are (1) labour legislation and (2) improvement in service conditions of the staff.

Referring to *road competition*, the Railway Member said :—

“ When Railways were originally projected, they had, to all intents and purposes, a monopoly of long distance transport, both passenger and goods. Being in this position, they were hedged round with restrictions for the protection of the railway user in order that they should be worked for the benefit of the country as a whole, and not entirely for the benefit of

the shareholders. Times have changed and now there is another competitor in the field of transport—a competitor which so far has not had to operate under the same conditions as Railways—I refer to road motor transport. *It is estimated that to-day Railways are losing Rs.3 crores of revenue to the roads per annum.* So far the loss has mainly been on passenger traffic, but signs are not wanting that valuable goods traffic, such as piecegoods, is being lost to the roads. This process must continue unless there is a reconsideration of the present road and motor transport policy. At present much of the money available for roads is being spent on the improvement or reconstruction of roads in competition with Railways and yet there are, in the aggregate, vast areas in India which have no means of modern transport either by road or rail. Then, apart altogether from road transport, river and sea competition has been intensified in the past few years. These interests, owing to the trade slump, have had to cut down their rates or go out of business. In some cases it has been possible to retain traffic to the railways, but only by a reduction in rates with consequent loss in earnings.”

Capital Works Programme in 1936-7.—The Chief Commissioner of Railways outlined the capital works programme as follows :—

“ As is only to be expected our capital and depreciation fund outlay is to be a modest one. Last year we provided Rs.15½ crores and originally this year we fixed the figures at Rs.12 crores, but as we hoped for a further reduction of Rs. .58 crore in our Stores Balances and we considered that, judging by past experience, it was improbable that the whole of the balance left would be expended, we finally placed our figure at Rs.10.25 crores. Of this amount Rs.7 crores will be drawn from the depreciation fund and Rs.3.25 crores will be additional capital. No actual new projects will be undertaken, but there will be Rs. .24 crore devoted to the continuation of new works already under construction, including the Megna Bridge in Bengal which, when completed, will provide an important link in the metre gauge railways serving north-eastern Bengal and Assam. Rs.22 lakhs are to be provided for this work. We have still to spend money to restore the damage occasioned by the earthquake in Bihar early in 1934, and we have still to continue the protective works to secure the Hardinge Bridge. It is estimated that Rs.19 lakhs will be devoted to this, of which Rs.15 lakhs are to be found from the annual instalment from revenue earmarked for the purpose. An instalment of Rs.12 lakhs is being allotted for the reconstruction work at Quetta. The total amount, which will be required for this, is estimated at about Rs. .52 crore. We are devoting Rs.5 crores to track renewals and Rs. .67 crore to Bridge renewals, and Rs.2.44 crores to other structural works. Rolling stock is estimated to cost Rs.3.18 crores, of which locomotives and boilers account for .78, coaching stock 1.79

and wagons .61. The total number of wagons ordered amounts to 1,200, of which 750 are broad gauge general service wagons to be added to the general pool. All these wagons are replacements of wagons scrapped or to be scrapped. Practically none are additions; for, owing to the unexpected fall in traffic, we have been compelled to review our wagon renewal programme and we have had to curtail our purchases drastically."

Rolling Stock Programme for 1936-7.—The following expenditure is provided for new items of rolling stock during the coming year :—

	Additions.		Renewals.	
	Capital.		Capital.	Dep. Fund.
I.—Locomotives—	Rs. (000)		Rs. (000)	Rs. (000)
(a) Engines and Tenders	2,25		— 23,41	45,63
(b) Boilers	—		5,93	33,30
(c) Miscellaneous Expenditure ...	—		55	—
II.—Coaching Stock—				
(a) I and II class	2,24		22,79	23,36
(b) Inter and III class	5,19		15,73	30,36
(c) Composites	—		6,30	8,10
(d) Other coaches and miscellaneous expenditure	9,21		— 1,37	50,08
III.—Goods Stock—				
(a) General Service	95		4,05	20,00
(b) Other types	5,98		7,73	21,12
(c) Miscellaneous expenditure ...	1,06		— 1,23	1,47
Total	26,88		37,07	2,33,42

The programme provides for the construction of new units of stock shown in the table below, all of which, however, will not necessarily be completed and be available for use before the 31st March, 1937 :—

	Broad Gauge			Metre Gauge.			Narrow Gauge.		
	Additions.	Renewals.	Total.	Additions.	Renewals.	Total.	Additions.	Renewals.	Total.
1. Locomotives ...	No. 1	No. 13	No. 14	No. —	No. 22	No. 22	No. —	No. 2	No. 2
2. Coaching vehicles (in terms of 4-wheelers)—									
(a) I and II class	—	131	131	11	55	66	—	4	4
(b) Inter and III class ...	30	141	171	—	167	167	—	47	47
(c) Composites ...	—	58	58	—	10	10	—	2	2
(d) Other coaches	40	151	191	8	131	139	—	21	21
3. Goods wagons (in terms of 4-wheelers)									
(a) General service	25	725	750	—	—	—	—	—	—
(b) Other types ...	48	266	314	33	140	173	—	4	4

Railway Earnings and Wagon Loadings.—The total approximate gross earnings of all State-owned Railways from the 1st April, 1935, to the 31st March, 1936, increased by Rs.21 lakhs to Rs.90.37 lakhs as compared with 1934-5. During the same period there were loaded on the broad gauge 4,297,000 wagons, compared with 4,168,000 wagons in the previous year. On the metre gauge there were loaded 2,667,000 wagons, showing a decrease of 15,000 wagons. The traffic in coal and coke during the year 1935-6 was 1,041,000 wagons, broad and metre gauge, against 1,064,000 wagons in 1934-5. Traffic in miscellaneous smalls in the 12 months of 1935-6 amounted to 1,694,000 wagons, broad and metre gauge, compared with 1,628,000 wagons in the previous year, being 71,000 wagons more, or an increase of 4 per cent.

The Central Budget and the Reforms Scheme.—In the quotation from the Finance Member's budget speech already cited, we have seen that the estimated surplus in 1937-8 will approximately equal the sum of Rs.2½ crores which will have to be provided from Central revenues in connection with the separation of Burma. Further, the budget surplus of roundly Rs.2 crores from 1935-6 has been set aside to a Revenue Reserve Fund available to help out the finances of the first year of Provincial Autonomy. A figure of Rs.2 crores was assumed (and allowed for in considering the revenue for 1937-8) as representing the cost of the initial adjustments which would emerge from Sir Otto Niemeyer's enquiry. Let us now see to what extent that estimate of Rs.2 crores was, in fact, justified.

The Niemeyer Financial Enquiry.—In the autumn of 1935, Sir Otto Niemeyer, G.B.E., K.C.B., the financial expert, was commissioned by the Secretary of State for India "to make recommendations to His Majesty's Government, after reviewing the present and prospective budgetary positions of the Government of India and of the Governments of the Provinces, on the matters which under Sections 138 (1) and (2), 140 (2) and 142 of the Government of India Act, 1935, have to be prescribed or determined by His Majesty in Council (subject to the approval of both Houses of Parliament) and on any ancillary matters arising out of the financial adjustments between the Government of India and the Provincial Governments regarding which His Majesty's Government may desire a report."

It will suffice in this Report to record the main recommendations of Sir Otto Niemeyer in so far as they are likely to affect the sums available to the Government of India for any possible reduction of taxation (notably in the form of import duties, which are the principal concern of my readers) during the next few years. Sir Otto found that assistance of the following approximate annual amounts should be given to the Provinces hereafter mentioned as from the date on which Provincial Autonomy commences. This

assistance should be given irrespective of the ultimate allocation of taxes on income and should not be affected by that allocation.

Lakhs of Rupees.

Bengal	75	
Bihar	25	
Central Provinces	15	
Assam	45	(apart from Rs.7 lakhs in respect of the Assam Rifles).
North-West Frontier Province	1,10	
Orissa	50	(plus Rs.15 lakhs non-recurrent).
Sind	1,05	(plus Rs.5 lakhs non-recurrent).
United Provinces	25	for five years.
	<hr/>	
	4,50	

Against this sum, Rs.2,58 lakhs (North-West Frontier Province Rs.100 lakhs, Orissa Rs.50 lakhs, Sind Rs.1,08 lakhs) are already provided in the budget of the Government of India for 1936-7. The recurrent additional cost to the Centre would, therefore, be Rs.1,92 lakhs a year. In addition, certain further non-recurrent grants are contemplated, amounting in aggregate to Rs.24 lakhs. Sir Otto asks :—

“ Can the Centre support such an additional demand? Apart from this sum ” he continues “ of nearly Rs.2 crores per annum, concurrently with the inauguration of Provincial Autonomy, Burma will be separated from India at a net loss to Central Revenues now estimated by the Government of India at about Rs.2½ crores. These two items together clearly would present a budgetary problem of some magnitude if they had to be faced in 1937-8, at one blow and so soon, from the normal resources of a single financial year. Thereafter, owing to the expansion in Central resources, which may with confidence be anticipated, they need occasion no special difficulty. Thanks, however, to the Reserve Fund of about Rs.2 crores, which is being constituted out of the anticipated surplus of the year 1935-6, I see no reason why the grant of these additional resources to the Provinces should not commence in 1937-8. In so concluding, *I should be lacking in frankness if I did not make it clear that the scope in the next few years for relaxation of revenue burdens is likely to be extremely small unless economic improvement takes place at a rate well in excess of what can now safely be assumed.* I have, however, felt it right to assume that the establishment of Provincial Autonomy must be regarded as an objective to which the Government of India will give special consideration in assessing the relative order of its financial aims. From the financial point of view, I conclude that His Majesty's Government may safely propose to Parliament that Part III of the Government of India Act, 1935, should be brought into operation a year hence.”

Conclusions of the Government of India with regard to the Niemeyer Enquiry.—In a telegram to the Secretary of State for India, dated the 14th May, the Government of India point out that the figures of initial cost are in excess of anything the Government of India had hitherto contemplated, but nevertheless, having regard to the supreme importance which is attached to giving Provincial Autonomy a fair start, they accept Sir Otto's conclusion that His Majesty's Government may safely propose to Parliament that Part III of the Government of India Act, 1935, should be brought into operation as from the 1st April next provided that there is no question of increasing in any appreciable degree the total of the initial assistance recommended and provided that it is clearly understood that it may be necessary to retain the remainder of the surcharges on Income Tax and Super Tax at any rate for some time after the 1st April, 1937, in order to maintain a balanced Central Budget.

The Government of India go on to say that :—

“ The next question which arises out of the report is whether the Central Budget can continue to sustain the burden involved by these initial adjustments plus the cost of the separation of Burma (estimated at $2\frac{3}{4}$ crores per annum) and in addition can forego in stages over the following 10 years a further sum of at least 6 crores. Naturally, we have had to frame for the information of Sir Otto Niemeyer such forecasts as we could reasonably make of our position in the years to come. Inevitably these estimates are invested with great uncertainty. The factors which make for uncertainty are with two exceptions set out by Sir Otto. Those exceptions are the possibility of India's being involved in war and the possibility of internal political disturbances of such a magnitude as materially to affect the prosperity of the country. The former possibility no calculation can take into account, the latter the Government of India think that they may safely reject. For the rest there fall to be considered the position of the Railways and the possibility of the law of diminishing returns setting in in connection with Customs Revenue.

“ As regards the Railways, the Government of India have no hesitation in saying that, unless their solvency on the basis of a full commercial accounting system can be restored, and that before very long, the latter stages of the programme envisaged by Sir Otto Niemeyer will be quite impossible of execution. At present it is hoped that the deficits can be met without depleting the existing reserve of 9 or 10 crores, but in the not distant future the annual demand for renewals and replacements is bound to increase considerably and unless in the meantime a position of complete solvency has been reached the reserve will rapidly become exhausted with the consequence of a call upon the Central Budget. The Government

of India have under consideration the practical steps to be taken in this connection and they hope to approach the Secretary of State shortly in the matter.

"As regards Customs, the general level of the tariff is now so high that the maintenance of the aggregate yield, which is by far the most important single factor in the whole revenue position, has become a somewhat precarious task. There is plainly no further reserve which could now be drawn upon to meet an emergency, as was done twice in 1931, and any serious relapse in the value of India's import trade would inflict damage which would be beyond the remedy of a mere increase of the tariff. Even if we exclude a further deterioration in the conditions of internal trade, the present pitch even of the revenue duties is itself liable to provoke regressive tendencies. The Government of India therefore consider that any material increase in the tariff will endanger the practicability of the plan; they conceive in fact that in order to conserve the revenue yield it will be necessary from time to time to propose reductions of particular duties."

"The question now is whether, subject to the considerations set out above, the programme recommended is regarded by the Government of India as feasible and acceptable. On this the Government of India are bound to observe that they had hoped that, in view of the initial assistance to Provinces recommended by Sir Otto being far greater than was originally contemplated, the proportion of the divisible income-tax receipts to be permanently retained by the Centre would be fixed at $\frac{2}{3}$ and not $\frac{1}{2}$. However, recognising that the Report is in the nature of a quasi-arbitral award, the Government of India content themselves with saying that they hope and have fair reason to believe that Sir Otto's programme is feasible. In making this statement they rely, of course, on the powers of the Governor-General under the proviso to Section 138, (2) of the Act, to which Sir Otto pointedly draws attention in the concluding words of paragraph 32 of his Report, but they would obviously have felt considerably more confident that the delaying powers would not need to be invoked if the percentage allocated to the Provinces had been fixed at $33\frac{1}{3}$."

Decision of the Secretary of State for India.—In a telegram from the Secretary of State for India to the Government of India, dated the 20th May, 1936, which has been published together with connected correspondence in a White Paper, the Marquess of Zetland sets forth his conclusions in the following terms :—

"Sir Otto's conclusions upon general question of adequacy of financial resources is 'that the budgetary prospects of India, given prudent management of her finances, justify the view that adequate arrangements can be made, step by

step, to meet the financial implications of the new constitution' (paragraph No. 8), and after making recommendations to meet the immediate needs of Provinces, he adds specifically: 'From the financial point of view, I conclude that His Majesty's Government may safely propose to Parliament that Part III of the Government of India Act, 1935, should be brought into operation a year hence' (paragraph No. 18). These conclusions have been reached after an expert and exhaustive examination of the position in consultation with financial authorities of each of the Provinces and of the Government of India and must accordingly command respect.

"It was perhaps inevitable that so long as a final decision had not been pronounced upon extent of benefits that each province might expect to receive, the comments of Provincial Governments should, generally speaking, have been designed mainly to emphasise their individual difficulties and natural desires for greater resources. In any case, it was scarcely to be expected that, where aspirations considerably outrun financial possibilities and expectations have risen high, and where effects of set-back that accompanied depression are still keenly felt, the necessarily limited proposals now under consideration would receive from this quarter an unqualified welcome. I fully realise indeed that financial administration of all Provinces will continue to demand great caution and that budgetary problems of some Provinces will present difficulties. I see no reasons, however, to believe that these problems need prove insoluble and I find confirmation for this view, not only in Sir Otto Niemeyer's judgment, but also in fact that no Provincial Government makes any suggestion that introduction of Provincial Autonomy should be delayed on financial grounds.

"On the other hand, the problem of Government of India in finding some five crores, partly to assist Provinces and partly in consequence of separation of Burma, demands consideration. Sir Otto Niemeyer was far from ignoring implications of this problem, which are further emphasised by Government of India. It is clear that Central Government, no less than Provincial Governments, will have to direct its financial policy with special care; but I do not understand that Government of India anticipate insuperable difficulties, and I share this view.

"In considering this question it is well I think to appreciate extent to which such practical difficulties as remain to be overcome are inherent in existing situation independently

of prospect of constitutional reform. The anxiety of Provinces for a more liberal allotment of resources has been continuously manifested over a long period. Moreover, the problem of chronic deficits in certain of the Provinces could not much longer have been left unsolved. These are major factors in situation and would have to be faced even if no change in existing form of government was contemplated. Besides them cost of such changes as enlarged electorates and legislatures, which are connected with new Constitution, is relatively insignificant.

"It is of course clear that solution of all these problems might have been simpler had they been under consideration in more propitious economic circumstances. Unless however a completely unforeseeable set-back occurs the position will evidently be markedly better than could have been anticipated at the time when framework of new Constitution was under discussion. It will be recalled that Joint Committee gave special attention to financial background of reforms and concluded that Parliament would at appropriate time require an assurance from His Majesty's Government that new Constitution could be inaugurated without thereby aggravating financial difficulties to a dangerous extent. In my view assurance that may now be given can be framed in appreciably more positive and hopeful terms.

"After full consideration I entirely accept Sir Otto Niemeyer's conclusions and I have no hesitation in proposing with concurrence of Your Excellency's Government that 1st April, 1937, should be appointed as date for commencement of Provincial Autonomy. A draft Order in Council for this purpose (upon technical details of which Government of India and Provincial Governments have been separately consulted) will shortly be submitted to Parliament."

The Separation of Burma.—Any hopes that may have been entertained that the separation of Burma would result in the removal of the high protective duties, which have been imposed for the protection of purely Indian industries, were dashed by the publication of the provisional draft of the India and Burma Trade Regulation Order, 1935. This Order takes the form of a provisional draft of an Order in Council which will be presented by His Majesty's Government for the consideration and approval of both Houses of Parliament under the procedure prescribed by Sections 309 and 475 of the Government of India Act, 1935. The Order will remain in force for three years from the date of separation. The provisions of the Order will be found in extenso in Appendix I, page 216 and should be carefully studied by all exporters engaged in the Burma trade.

In an introductory note by the Secretary of State for India, the purport of the principal Articles of the Trade Agreement are briefly summarised as follows:—

“ The effect of Articles 3 and 5 of the Trade Agreement is to ensure, subject to a proviso in respect of certain goods and the application of Article 10 in respect of duties corresponding to excises, that Indian goods shall enter Burma free of duty and without restriction, and *vice versa*, without qualification other than that contained in Schedule I to the Agreement.

“ The effect of Article 6 is to provide that the tariff schedules in operation at the date of separation of Burma from India shall remain effective in both countries in respect of goods imported into either from other countries. Under the first proviso to this Article duties on goods imported from other countries may be lowered by either party to the Agreement with the consent of the other. Under the second proviso such consent is not required in the case of the employment either by the Governor-General of India or the Governor of Burma of powers to reduce duties enjoyed under the present Indian Tariff Act and the Sea Customs Act but it is understood that the use of those powers should be limited as at present to the purpose of giving relief in the case of individual importations or giving temporary relief for a special purpose to particular classes of commodities. Under the third proviso either country may on two months' notice lower duties on goods not produced in the other country and under the fourth proviso the second country may then follow suit.

“ Article 12 provides that if India, after expiry of the present Indo-Japanese Cotton Agreement, which limits the importation of Japanese cotton goods into India by a system of quotas, again imposes a limit on the quantity of Japanese cotton piece-goods that may be imported into British India, Burma shall during the currency of the trade agreement with India limit the importation of such goods into Burma to a quantity not exceeding that imported in 1934-5.

“ The purpose of Article 7 is perhaps not self-evident. Its purpose is to secure that tea, cotton or lac produced in India and shipped duty free to Burma under the provisions of Article 3 does not escape the levy of cess on re-export from Burma, and *vice versa*.

“ Each Agreement is to remain in force for three years and, if not then terminated by due notice having been given by either party to the Agreement embodied in an Order, will

remain in force subject to termination on twelve months' notice (Article 17 of Draft Trade Order and Article 4 of Draft Immigration Order).

“ The Trade Agreement (Article 21) contains a provision for its application to Indian States and the Immigration Agreement (Article 6) contains a similar provision in respect of subjects of Indian States.”

In view of the very close trade connections existing between the two countries, it was inevitable that an arrangement for the continuance of free trade between the two parties should be negotiated, at least for a term of years. It was hoped, however, that provision might be made for the reduction in the case of the Burma Tariff of the protective duties on items such as cotton textiles, steel, paper, etc., etc., which are not manufactured in Burma and which are necessary for her development. Article 6, however, only provides for such relief in special cases and with the consent of the other party, such consent, however, not to be unreasonably withheld. The third proviso to Article 6 does, none the less, lay down that in the case of classes of goods which at the date of separation are not produced or manufactured in India the Governor of Burma, after giving two months' notice of his intention to the Governor-General of India, may reduce the customs duties on such goods when imported into Burma from other countries. This proviso would cover such important items of United Kingdom trade with Burma as machinery, chemicals, instruments and apparatus, hardware and, in fact, the whole range of revenue duties.

Road Development in India.—The following note on the progress made in co-ordinating road development throughout the country has been courteously supplied by Mr. K. G. Mitchell, C.I.E., M.Inst.C.E., Road Engineer with the Government of India :—

“ *Position of the Road Fund.*—As the final audited receipts credited to the Fund in a financial year are not available till about six months after the close of that year, it is customary for the Government of India to make two allotments—one in respect of the share due for the second half of the previous year and the other an ‘on account’ distribution for the first half of the year in which the shares are allotted. In this way, Rs.86 lakhs were allotted to the Provinces and Rs.17½ lakhs to the Minor Administrations and Indian States during the year. A credit of Rs.20 lakhs is also expected to be made to the Reserve. The following table gives the information regarding allotments made to Provinces and expenditure incurred from the Road Fund during the year 1935-6, and the balances with them on 31.3.36.

Statement showing the allotments and expenditure from Road Fund during 1935-6.

Province.	Balance on 1.4.35 (Final Audited Figures).	Share allotment made during 1935-6 (Balance for second half of 1934-5 and "on account" allotment for first half of 1935-6).	Total.	Expenditure reported during 1935-6.	Balance on 31.3.36.
		(Rs. lakhs).			
Madras	20.70	15.71	36.41	2.57	33.84
Bombay (including Sind)	33.45	22.64	56.09	13.81	50.28*
Bengal	34.78	13.59	48.37	9.27	39.10
U.P.	18.58	5.81	24.39	12.65	11.74
Punjab	2.74	7.98	10.72	9.18	16.51†
Burma (including Shan States)	4.90‡	9.35	14.25	3.77	10.48
B. & O.	8.43	3.64	12.07	2.03	10.04
C.P.	8.28	3.32	11.60	5.39	6.21
Assam	1.58	2.44	4.02	3.25	0.77
N.W.F.P.	0.92	1.79	2.71	0.73	1.98
Total Governors' Provinces ...	134.36	86.27	220.63	62.65	180.95

* Includes Rs.8 lakhs temporary loan restored by the Bombay Government during the year.

† Includes Rs.14.97 lakhs temporary loan restored by the Government of the Punjab during the year.

‡ Opening balance arrived at after treating the sum of Rs.21.37 lakhs diverted for maintenance as expenditure.

“ It will be seen that in certain cases, these balances are very large. This is partly due to the fact that the allotments for the year, aggregating Rs.86 lakhs were made only in the last quarter of the year and the balances in the case of Bombay and the Punjab were swelled by the recent restoration of Rs.8 lakhs and Rs.15 lakhs respectively which had been temporarily diverted by them for the ordinary maintenance of their roads. The question of adopting measures which will ensure a rapid utilization of the money for road development works is, however, under the consideration of the Government of India.

“ *Reserve in Road Fund.*—Receipts in the Reserve are generally anticipated and schemes are approved up to within a certain margin of the estimated credits for three years in advance. During the year 1935-6, schemes amounting to Rs.111 lakhs were approved covering anticipated receipts up to the end of 1938-9 and the balance already available.

Assam was granted the largest share, amounting to about Rs.30½ lakhs, and the new Province of Orissa and Eastern States were allotted Rs.18 lakhs. A sum of Rs.34 lakhs was distributed between Bombay, Bengal, the United Provinces, the Punjab, Bihar, the Central Provinces and the N.W.F.P., and the balance of Rs.28½ lakhs was allotted to Indian States and minor Administrations where but for such assistance urgent works would not have been taken up for some years to come.

“ *Road Development in Sind.*—It was mentioned in the last note that help was given by the Government of India from the Reserve for road survey in Sind. A special Road Engineer has since been appointed for two years with effect from December, 1935, to carry out certain technical investigations and experiments and generally to prepare the detailed programme necessary. The cost of this officer and his staff and of the necessary experiments will also be met out of the Reserve.

“ *Orissa and Eastern States Road Survey.*—It was mentioned last time that the Government of India provided funds from the Reserve for a general reconnaissance and detailed survey for road development in the areas comprising the new Province of Orissa and Eastern States by Mr. L. S. Adlard, I.S.E. Mr. Adlard submitted his report in September, 1935. During the course of his investigations he made original surveys and examined schemes put forward by the Government of Bihar and Orissa and Eastern States aggregating about Rs.1½ crores. The report is a very useful document and will serve for the selection of schemes in this area, to be financed for some years. Schemes amounting to about Rs.14 lakhs have already been approved or selected.

“ *Preliminary Road Survey in Bengal.*—The Government of India made a substantial grant from the Reserve for the survey and preparation of a detailed programme for Bengal which is still in progress.

“ *Capital Programmes.*—The capital programmes of road development works in the C.P. and U.P. previously approved were in progress. The report of the special Officer appointed by the Government of Madras for the preparation of a comprehensive programme of Road development in that presidency was received in November, 1935. This report recommends an outlay of Rs.6.11 crores on the improvement of inter-district roads and bridges, the construction of large major bridges and feeders to Railways and the purchase of certain road maintenance plant. The main feature of the recommendation is the reclassification of the roads in the presidency on their economic and development value rather than on any trunk road basis and the adequate provision for the maintenance of such roads in the future. Out of the total schemes recommended,

the Government of Madras propose to proceed with a programme of about Rs.3 to 3½ crores only for the present. The first instalment of these schemes amounting to Rs.125 lakhs consisting of improvement of inter-district roads and bridges and construction of certain major bridges proposed by the local Government were under consideration at the end of the year.

“ *Indian Roads Congress.*—At the invitation of the Government of Mysore, the Second Indian Roads Congress met at Bangalore in December, 1935. About 75 delegates attended this session. The Congress is doing useful service in promoting economical and efficient road improvement and maintenance and avoiding errors and the duplication of experiments in the various parts of the country. The Government of India defrayed the cost of the first two sessions and will also meet the cost of the third. Thereafter the intention is to make the organization self-supporting, and independent of any financial assistance from the Government of India.

“ *Road-Rail Co-ordination: Transport Advisory Council.*—This Council, which held its first meeting in January, 1935, was to have met again after an interval of about 12 months, but consideration of the questions involved, was, owing to their complexity, delayed and the next meeting has had to be postponed till July, 1936. The continued losses of railway revenues to road motor transport engaged the serious attention of the Government of India, who are consulting local Governments at the next meeting of the T.A.C. regarding steps necessary to reduce and prevent undue competition between motor and Railway transport, to place motor transport itself on a healthy basis and to promote the safety and convenience of the public travelling by road.”

Indian Joint Stock Companies in 1935-6.—Flotations.—The following table shows the registrations over a period of years :—

Year.	Companies registered.		Aggregate authorised capital.		Average authorised capital per company.
	Number.	Index Number (pre-war = 100).	Amount.	Index Number (pre-war year = 100).	
			Rs.		Rs.
1913-4 (pre-war)	356	100	66,91,53,000	100	18,79,000
1929-30	839	236	62,55,18,000	93	7,46,000
1930-1	731	205	21,55,62,000	32	2,95,000
1931-2	768	216	29,97,60,000	45	3,90,000
1932-3	1,247	350	30,99,88,000	46	2,49,000
1933-4	885	249	56,54,91,000	85	6,39,000
1934-5	965	271	42,20,14,000	63	4,37,000
1935-6	1,027	288	51,36,44,000	77	5,00,000

It will be remarked that the number of companies registered rose from 965 to 1,027, an increase of 6 per cent. The principal increases in authorized capital were under the following heads:—Iron, steel and shipbuilding (+ Rs.15,25 lakhs); Mining and Quarrying (+ Rs.2,00 lakhs); Estate, Land and Building (+ Rs.1,37 lakhs); Hotels, Theatres and entertainments (+ Rs.108 lakhs); Paper Mills (+ Rs.1,00 lakhs) and Cotton Mills (+ Rs.94 lakhs). Decreases were noticeable under Navigation (– Rs.3,95 lakhs); Transit and Transport (– Rs.2,81 lakhs); Trading and Manufacturing (– Rs.2,33 lakhs); Banking (– Rs.107 lakhs); Engineering (– Rs.1,06 lakhs) and Jute Mills (– Rs.88 lakhs). I would again point out that the amount of authorized capital is a very unsafe guide to the actual state of affairs as, in the majority of Indian concerns, the paid-up capital is only a small fraction of the authorized capital. Companies in India go to allotment on very small subscriptions.

Liquidations.—Eight hundred and fifty-five companies with an authorized capital of Rs.17 crores, having ceased work, went into liquidation or otherwise became defunct during the year 1935-6.

Indian Working Class Cost of Living Index Numbers.—

Bombay.—The index number (July, 1914 = 100) of the cost of living for working classes in Bombay in March, 1936, remained unchanged at 102. The average in the year 1935 was 101.

Ahmedabad.—The index number (year ending July, 1927 = 100) declined by one point to 69. The average in 1935 was 71.

Sholapur.—The index number (year ending January, 1928 = 100) remained unchanged at 68. The average for 1935 was 72.

Nagpur.—The index number (January, 1927 = 100) in March, 1936, remained unchanged at 58.

Jubbulpore.—The index number (January, 1927 = 100) in March, 1936, declined by one point to 54.

Rangoon.—The index number (1931 = 100) of the cost of living in Rangoon for all communities of labourers rose by 2 points to 92.

Patents and Designs.—In his report for the calendar year 1935, the Controller of Patents and Designs states that the number of applications for patents filed during the year was 980 as compared with 1,007 in 1934. Of these, 253 originated in India and the remaining 727 came from abroad. Applications numbering 347 claimed priority under the reciprocal arrangements that exist between British India and other parts of His Majesty's Dominions.

Compared with 1934, the year 1935 shows a decrease of about 25 per cent. in the number of applications from Indians.

Electrical Industry.—The Controller states that nearly 15 per cent. of the total number of applications for patents were in respect of electrical inventions. It has been noticed that, in recent years, the development of the electric discharge lamp as a substitute for the ordinary incandescent lamp has received considerable attention from inventors and research workers. Increased inventive activity in the application of electricity as a means of heating has been maintained during 1935, while, on the other hand, inventive activity in the sphere of telegraphy has been falling steadily. A number of inventions related to television systems and apparatus, to automatic and semi-automatic telephone systems, to the simplification and perfection of step-by-step switches and the more efficient utilisation of the bank contacts of switches used in telephone exchanges, and to radio communication.

Chemical Industries.—There was a marked increase in inventive activity, the subjects investigated covering synthetic resins and drugs, wetting agents for textile processing, investigations in sterols, the manufacture of sulphuric acid by contact process and the manufacture of salts by means of base exchange reactions. The manufacture of rare gases attracted considerable attention.

Transport.—In the sphere of transport, which accounted for over 10 per cent. of the total applications, there was a noteworthy falling-off in inventions relating to railways with corresponding increase in respect of roads and road vehicles including motor cars. Practically all the inventions relating to roads had for their object to provide a road surface which would possess good wearing qualities, would be free from the formation of dust and from developing cracks under modern traffic and would not be costly. Aeronautics attracted more attention.

Agriculture.—Although the number of applications for raising water from wells by the use of animal power showed a falling-off, there was an increase in the number of applications for mechanical pumps. In the sphere of irrigation, the construction of gates, piers and siphons attracted the attention of Indian inventors. A noticeable feature was the attention given to the problem of making the beds of irrigation channels impervious to water percolation.

Textile Industry.—Utility in addition to comfort and appearance is claiming a larger share of attention in the design of dress materials. A noticeable feature was the provision of

highly twisted crepe threads and the double ply woven fabrics for garments. In the sphere of artificial silk the manufacture of crepe threads from filament of cellulose acetate attracted considerable attention. A new process for obtaining, without the use of swelling agents, artificial silk threads of high degrees of stretch coupled with a large increase in tensile strength was the object of some of the applications.

Building Industry.—During the year, 21 of the 49 applications originated in India. Among the features that attracted attention may be mentioned bricks and slabs for residential buildings and furnaces, coloured flooring with mosaic effect but without the use of stone chips, resilient floor surfaces and safes and strong rooms. With regard to strong rooms, the desired aim was to produce such wall construction as would be able to withstand the action of a drill in the presence of an oxy-acetylene flame. The number of inventions relating to cement manufacture increased considerably.

Engines and Power.—The attention of inventors was directed to various aspects of internal combustion engine construction, of which exhaust silencers, operating cycles, combustion chambers and carburetting devices were the most noticeable. The inventions in India had for their object the provision of improved devices for pumping fuel or for regulating the overflow of oil in internal combustion engines.

Designs.—In all, 1,419 design applications were filed during the year, compared with 1,228 applications in 1934. The number of applications which originated in India comprised 277 from Bombay, 170 from Bengal, 66 from the Punjab, 53 from the United Provinces, 37 from Madras, 33 from Delhi, 14 from Burma and 12 from elsewhere. Of a total number of 757 design applications received from abroad, 738 came from the United Kingdom, representing, in the main, textile designs filed by the Calico Printers' Association.

Of the total number of 234 applications originating in India for the registration of designs other than those relating to textile goods, 60 were from the Punjab (for carrom boards, chaff cutters, crank shafts, aerated water machines, football covers, leg guards, laces, etc.); 53 from Bengal (for vapour lamps, tyres, padlocks, iron pans, invitation cards, leather goods, etc.); 37 from Bombay (for metal handles, trunks, laces, soles for shoes); 33 from Delhi, of which 30 were in respect of laces; 24 from Madras (for trunks, tumblers, lamp brackets, cooking vessels, etc.) and 16 from the United Provinces (for glass bangles, locks, etc.).

Radio Telegraphy and Telephony.—I am indebted to the General Manager of the Indian Radio and Cable Communications Co., Ltd., for the following note with regard to the development of wireless communications in India during the year :—

“ Cable and Wireless Services.—During the year under report the main activities of the Indian Radio and Cable Communications Co., Ltd., include the Wireless Beam Telegraph Services between India and the United Kingdom and between India and Japan, and the Cable Services from Bombay and Madras to all parts of the world. The total number of paid words handled over the Company's Telegraph system during the year ended the 31st December, 1935, was 24,595,471 as against 25,089,781 during the year ended 31st December, 1934.

“ The monthly totals were generally lower during 1935 with the exception of the months of September and October when the prospects of the Italian-Abyssinian war caused a considerable increase to be observed.

“ The ordinary rate to Great Britain from India was reduced from As.15/- to As.14/- on 15th December, 1935, but the full effect of this reduction has not been observed.

“ Overseas Telephone Service.—The Overseas Telephone Service has shown a steady increase in the number of Calls since its opening in May, 1933. During the year special half-rate calls were introduced as a Jubilee Concession and subsequently the standard rate was reduced from Rs.80/- to Rs.60/- for a three minute call between India and England while the Rs.40/- rate for Saturday calls was maintained. This reduction has contributed to the popularity of the Service and will doubtless be further reflected in a full year. The Service has been extended to Ceylon in co-operation with the Indian and Ceylon Telephone Administrations and through London with most countries of the world.

“ The effect of these reductions and extensions has been that the average monthly revenue accruing to this Company in respect of the Overseas Telephone Service for 1935 shows an increase over the monthly averages for 1934 and 1933 of 41 per cent. and 57 per cent. respectively.

“ The Service is still restricted to four hours per day, but may be opened on occasions outside the usual hours by arrangement.

“ The transmitter has been utilised for a few hours each month to duplicate on short-wave the Bombay programmes of the Indian State Broadcasting Service.

“ Radio Telegraph/Telephone Service.—To meet the growing demand for speedy inter-communication between India and Burma, two combined radio telegraph/telephone stations are being installed at Madras and Rangoon respectively. Installation is nearly completed and regular public service will be shortly opened.

“ Thus one of the long-felt needs of the business community in Burma will have been met. Incidentally the Rangoon/Madras link can be joined on to the existing India/United Kingdom link and thus Burma can have direct telephony to the United Kingdom and the rest of the world *via* London.

“ *Radio Broadcasting*.—Early in 1935, installation was undertaken at Delhi of a medium power 20 kilowatt broadcasting station. Erection of the station was completed late in 1935 and since then regular daily broadcasting is being carried out.

“ *Aerodrome Wireless*.—With the growth of air services in and across India, considerable progress has been made in wireless ground organization, consisting of transmitting and direction finding stations.

“ *Point to Point Services*.—For inter-communication between headquarters and military police outposts a number of low power wireless stations have been supplied to the Malabar Police.

“ A wireless telegraph-telephone service has also been installed between Morvi and Adhoi, being respectively the Capital and important district centre of the Morvi State. This service is for the official use of the State Government.

“ *Bombay-Ahmedabad Telephone Service*.—Wireless technique has been extensively used for increasing the communication channels obtainable from a given pair of lines, by making use of frequencies between 10,000 and 50,000 cycles. Working on these principles commonly called ‘carrier current working’, a three channel telephone service has been started on the existing trunk lines between Bombay and Ahmedabad.

“ It is expected that in the course of a few years, extensive carrier current circuits will be installed for linking the important cities of India.

“ *Future Developments*.—Important wireless developments are anticipated particularly in the field of broadcasting. Short-wave broadcasting from the Kirkee telephone transmitter have proved very successful and reception has been reported from all over the world. The inauguration of this service has enabled India to take her place in the ‘Round-the-Empire’ Christmas broadcasts.

“ For internal broadcast development a considerable sum of money has been voted by Government and a number of provincial stations are expected to be installed during the year. It is also planned to provide remote villages with fool-proof ‘community receivers’ through which simple talks on farming, sanitation and hygiene would be given for the benefit of the rural population.

“ As further evidence of development in aircraft wireless, Tata Sons, Ltd., are equipping their planes on the Karachi-Madras Service with telephone sets. When the plans for the daily air service between Bombay and Calcutta have been completed, extensive night-flying aids such as radio range beacons, marker and landing beacons will be installed at the main aerodromes.”

Broadcasting.—Readers of these reports will have followed the slow progress of broadcasting in India up to the end of 1934, when an additional transmitting station at Delhi was projected and it was decided to engage the services of a Controller of Broadcasting for all-India. The development during the past two years has been astonishing and the service now promises to be one of the most important of the cultural activities of Government. A glance at the following table showing the income and expenditure since the formation of the Indian State Broadcasting Service will give the clue to the position :—

	Expenditure.	Revenue.			Total.
		Customs.	Licences.	Miscellaneous.	
		(figures in thousands of rupees)			
1929-30 (initial)	3,30	—	—	—	—
1930-1 ...	2,79	56	67	33	1,56
1931-2 ...	2,64	1,04	66	30	2,00
1932-3 ...	2,38	2,44	85	35	3,64
1933-4 ...	2,80	4,09	1,20	39	5,68
1934-5 ...	3,95	7,83	1,65	40	9,88
1935-6 ...	5,00	10,50	2,50	50	13,50
Total ...	22,76	26,46	7,53	2,27	36,26

The figures for 1935-36 are subject to final adjustment but are approximately correct.

After providing for interest on capital outlay, depreciation and all other items which would have to be met in a purely commercial undertaking, totalling Rs.2,25,000 for the five years ending 1934-5, the position of the Indian State Broadcasting Service at the 31st March, 1935, was that after repaying the total expenditure, including the initial purchase of the assets and interest on the capital outlay, the service had to its credit a sum of over Rs.2 lakhs in cash in addition to the physical assets of two working stations and depreciation fund amounting to nearly Rs.1 lakh. The number of receiving licences at 31st March, 1936, was 27,500, but it is extremely likely that there are a further 5,000 sets in use which are not licensed. The receipts from Customs duty on all wireless receiving apparatus imported into British India (excluding receiving

apparatus certified by the Director-General, Posts and Telegraphs, as not likely to be used for broadcast reception) show remarkable elasticity. The rates of duty are 40 per cent. preferential and 50 per cent. standard and are all credited to the broadcasting fund. It is not surprising therefore that, from an economic standpoint as well as from the cultural point of view, the Government of India recently decided to do everything possible to stimulate development.

A total capital sum of Rs.40 lakhs (£300,000) has recently been granted by the Finance Member from the Rural Development Fund on the grounds that broadcasting, which now provides instructional lectures on agriculture and health, has a quite legitimate claim on this fund. Before deciding upon the development programme, the Government of India were fortunate in obtaining the best technical advice. The services of Mr. Kirke, the head of the B.B.C. Research Department, were lent to India during the cold weather of 1935-6. Mr. Kirke, after touring the country and consulting with the Controller of Broadcasting submitted, in April, 1936, the following proposed scheme of capital expenditure :—

						Rs.
Allahabad	...	...	Medium Wave	100 kw.	...	11,56,000
"	...	...	Studios	...	...	2,00,000
*Delhi	...	...	Medium Wave	20 kw.	...	3,75,000
"	...	...	Short Wave	5 kw.	...	1,50,000
"	...	...	Studios	...	...	2,00,000
*Bombay (modifications to present gear)	...	...	...	...	...	10,000
"	...	...	Studios	...	...	2,00,000
*Calcutta (modifications to present gear)	...	...	...	...	...	10,000
"	...	...	Studios	...	...	2,00,000
**Madras	...	...	Medium Wave	5 kw.	...	1,83,000
Trichinopoly	...	...	Medium Wave	5 kw.	...	1,83,000
"	...	...	Studios	...	...	70,000
Rajahmundry	...	...	Medium Wave	5 kw.	...	1,83,000
"	...	...	Studios	...	...	70,000
Lahore	...	...	Medium Wave	5 kw.	...	1,83,000
"	...	...	Studios	...	...	70,000
Ahmedabad	...	...	Medium Wave	2 kw.	...	1,36,700 (i.s.)
Dacca	...	...	Medium Wave	5 kw.	...	1,83,000
"	...	...	Studios	...	...	70,000
Nagpur	...	...	Medium Wave	2 kw.	...	1,36,700 (i.s.)
Peshawar	...	...	Medium Wave	0.25 kw.	...	50,000
						40,19,400
Short wave relaying receiver for Delhi. (Approximate price only)	...	...	...	...	...	50,000
Total						40,69,400

Possible additions to this scheme are stations of 1 or 2 kw. power at Cuttack and Madura, but the erection of stations at these places may be left for the present and may form part of a later scheme. The estimated costs are Rs. 1,55,000 in each case.

Note.—i.s. = including studio.

* These stations already exist.

** In the case of Madras no provision has been made for studios as it is understood that the Madras Government is prepared to bear the cost of studios.

It will be noted that one new 100 kw. medium wave transmitter at Allahabad is recommended to serve the large populations of Allahabad, Cawnpore, Lucknow and Benares, while five new 5 kw. medium wave stations at Madras, Trichinopoly, Rajahmundry, Lahore and Dacca and two 2 kw. medium wave transmitters at Ahmedabad and Nagpur are also suggested. In addition, Mr. Kirke recommends a 5 kw. short wave experimental transmitter at New Delhi so that tests may be carried out to determine the useful service area obtained on different wave lengths at different times of the day and night in India and whether a useful regular service can be obtained by means of short waves.

The total recurring expenditure, including all new and present stations is estimated at Rs.26.3 lakhs per annum. The Controller of Broadcasting, however, points out that the new stations proposed will take some three or four years to establish and the recurring expenditure is not therefore likely to rise to the full figure until licences and Customs receipts have also risen. It is anticipated that, as broadcasting develops, a large part, if not the whole, of this expenditure may be met from increased receipts either in the form of licence fees, Customs duties or both. The Controller of Broadcasting concludes an illuminating report as follows :—

“ In conclusion it should be clearly stated that the report, and the proposed arrangement of stations, have been based on a compromise between providing a service to urban areas, from which licence revenues may be anticipated, and providing such service to rural areas as may be offset in cost, at least to some extent, by the revenue obtained from urban areas. So long as the Indian State Broadcasting Service is regarded more or less as a commercial undertaking and not as a social service, such considerations must affect its development: but, under such conditions, rural areas of comparatively sparse population—which, it might be argued, are actually more in need of broadcasting than richer and more populous districts—are necessarily excluded from its scope. It may be thought that the idea of a self-supporting service is wrong, and that Government should devote the limited funds available to ‘ unremunerative ’ stations in rural areas. There are several good reasons for holding the more mercenary view. If broadcasting is to develop as it should, the Service must have a life of its own and strength to survive budgetary fluctuations. In the early stages at least vitality can come only from the body of sophisticated listeners who are prepared to pay for their entertainment. Generalizations about the value of rural broadcasting are not necessarily correct, and in actual fact little is known at present of the rural side of broadcasting problems. It is quite arguable that if Government are prepared to devote Rs.40 lakhs initial and Rs.26 lakhs recurrent to Social Services in rural areas, they might find better objects of expenditure than broadcasting.

But if Government allot these sums to a rationally prepared broadcasting scheme, the probability is that they will, without imposing an additional burden on the general taxpayer, provide a service *both* for the towns *and* for the villages, which has within it the seeds of development on a self-supporting basis.”

At the time of writing (June, 1936) the Government of India are still considering Mr. Kirke's report, but a definite decision is expected shortly.

Rural Broadcasting.—In my last report, I outlined the steps being taken in 1934 to inaugurate a service of broadcasting to rural villages in the North-West Frontier Province and the Punjab, in order to relieve the monotony of village life and to combine entertainment with instruction. Apart from music, songs, humorous talks, etc., the programmes include news, commodity prices, advice on hygiene, agriculture, animal husbandry, etc. Mr. Kirke comments with regard to this great cultural experiment:—

“ About 90 per cent. of the people of India live in villages. These people are in the main very poor and unable to purchase wireless receiving apparatus. The village is an important factor in the life of the community and broadcasting is one of the best means of providing the rural population with entertainment, education and uplift programmes. Schemes for supplying villages with receivers for communal listening have been started by some provincial Governments. The scheme at Peshawar has been working for some time and is working satisfactorily. A scheme for the Punjab is just being started and other schemes are being considered. The problem of rural broadcasting is largely one of economics, but at the present time the receivers supplied to villages are expensive and the maintenance cost is high. Such high costs will limit the development of rural broadcasting on an extensive scale and it is therefore highly desirable that work should be commenced immediately on the development of suitable receivers and maintenance facilities at low cost. Many people are interesting themselves in this matter and are carrying out, or have carried out, some experiments. Among these are the Agricultural Institute at Allahabad and Physics Department of St. John's College, Agra. The development of cheap receivers for rural broadcasting and maintenance facilities should be carried out by the Research and Development section and this work should be one of its most important functions.’ It should carry out this work in conjunction with manufacturers and further it should co-ordinate the work of other institutions. It is desirable that provincial Governments should not act separately and independently in the development and purchase of apparatus; as this would militate against the mass production of apparatus and it is by this means that receivers can best be cheapened.

In some districts the supply of electricity from hydro-electric schemes is being developed. This will simplify the problem of power supply for receivers very considerably and the maintenance cost will be greatly reduced thereby. Schemes for the supply of community receivers should, therefore, be particularly considered where electric supply is available or is being developed.

“ The possibility of supplying rural programmes to villages by means of lines in conjunction with central amplifiers and receivers has been proposed. I have not been able to go into this question in detail as far as costs are concerned, but I think that it should be investigated and possibly tried out.”

Need for United Kingdom Receiving Sets.—It will be clear from the account of the development that has already taken place and the still more extended plans for the future that India, during the next few years, will provide a valuable market for suitable receiving sets. So far, the trade is almost entirely in the hands of U.S.A. and Dutch manufacturers. Conditions of reception in the U.S.A., apparently, closely approximate to those in India with the result that U.S.A. sets are found to be suitable and are sold at relatively cheap prices. The leading Dutch firm has, for some years, been devoting close attention to the Indian market, both as regards the design of special types of sets suitable to Indian conditions and also by developing an active and widespread sales and service organization. Only two or three of the more important United Kingdom manufacturers have, so far, paid any serious attention to the market and even their activities have been mainly confined to the sale of relatively expensive sets for the reception of the Empire Short Wave Broadcast Service. It is true that valuable pioneer work has been carried out by one prominent United Kingdom group in developing rural broadcasting, but the sale of cheap sets in bulk to the Indian public has been almost exclusively undertaken by U.S.A. and Dutch firms. Most United Kingdom receiving sets hitherto sold in India are priced at from Rs.400 to Rs.1,000 each and therefore only reach a strictly limited clientèle. On the other hand, contracts have been given for U.S.A. sets (probably second-hand), at prices as low as Rs.75 each. The Japanese are offering sets at as low as Rs.25 each but, of course, these have only a short life and purchasers find that the renewal of components at high prices more than offset the low initial cost. All authorities agree that there is a vast market in India among the middle classes such as clerks, shopkeepers and others if a suitable set can be sold retail at say Rs.75. In view of the 40 per cent. duty, however, it is difficult to see how United Kingdom makers can reach such a low figure except by manufacture on a large scale in India. It is to be hoped that the members of the Radio Manufacturers' Association will turn their attention to the great potentialities of the

Indian market; detailed information as to the specific requirements of the market can be obtained from the Department of Overseas Trade.

Civil Aviation.—I am indebted to the Director of Civil Aviation in India for an advance copy of his comprehensive report on the progress of Civil Aviation in India, from which the following paragraphs are reproduced :—

India's future in the development of civil aviation is intimately connected with the great expansion of air transport which is now unfolding itself within the British Commonwealth of Nations, but whereas, in 1935, United Kingdom regular air transport services flew 7,637,000 miles, carried 143,413 passengers and 629 tons of air mail, Indian services flew only 553,754 miles, carried 551 passengers and 43 tons of air mail. It may be said with truth that the possibilities of air transport in India remain yet to be appreciated. The total mileage of regular air routes in India at the end of 1935 was 6,395 as compared with 5,830 at the end of 1934.

REGULAR AIR SERVICES.

No changes have taken place during the year under review in the constitution of the five operating companies engaged in regular air transport in India. The companies and the services they operate are as follows :—

Indian Trans-Continental Airways, Ltd.—Karachi-Singapore.

Tata Sons, Ltd.—Karachi-Bombay-Madras; Bombay-Cannanore-Trivandrum (experimental)

Indian National Airways, Ltd.—Karachi-Lahore.

Himalaya Airways, Ltd.—Hardwar-Gauchar.

Irrawaddy Flotilla & Airways, Ltd.—Rangoon-Mandalay; Rangoon-Yenangyaung.

The Dutch K.L.M. and Air France continued to operate air services across India.

Imperial Airways Ltd. and Indian Trans-Continental Airways, Ltd.

The total weight of mails carried by Imperial Airways, Ltd., to and from India reached 82.2 tons in 1935, an increase of 39 per cent. on the figure of 59.2 tons in 1934. It has been estimated that over 25 per cent. of letters from India to Empire Countries are now sent by air in spite of the present high surcharge for air conveyance. Increases in the frequency of the services, reduction of the surcharges in the United Kingdom, and improvement of the feeder services in India have

each contributed to this development. The growth of Imperial Airways passenger traffic has shown an even more striking advance as the following figures show :—

					<i>To India.</i>	<i>From India.</i>
1933	...	...	...	...	216	211
1934	...	...	...	...	280	326
1935	...	...	...	...	455	528

The United Kingdom-India service was duplicated at the beginning of 1935, but, in spite of this, the loads to be carried have frequently been beyond the capacity of one machine and a second plane has been requisitioned between Karachi and Sharjah. The schedule of the service since 16th March, 1936, has been as follows :—

London.—Depart : Saturday, Wednesday.

Karachi.—Arrive : Thursday, Monday.

Karachi.—Depart : Wednesday, Saturday.

London.—Arrive : Monday, Thursday.

This schedule is regarded as being temporary pending the delivery of the new flying boats for service on the Mediterranean Section, which is expected to take place during 1936.

Karachi-Singapore Section.—The year 1935 opened with the duplication of the trans-India service operated jointly by Imperial Airways, Ltd., and Indian Trans-Continental Airways, Ltd., from Karachi to Calcutta, and the maintenance of the weekly service from Calcutta to Singapore. From the 1st October, 1935, the service, then terminating at Calcutta, was also extended to Singapore, so preparing the way for the duplication of the entire service from the United Kingdom to Australia which was completed in May, 1936. Mail traffic on the trans-India service increased at an even more satisfactory rate than that on the United Kingdom-India service. 43.7 tons of mail were carried in the eastward direction and 42.5 tons in the westward direction, giving a total of 86.2 tons as against 37.7 tons in 1934. Passenger traffic has also shown remarkable development. The volume is expressed in passenger-ton-miles, since individual passengers may fly over only one or two stages or over the entire distance from Karachi to Singapore.

1933	...	...	...	Passenger-ton-miles	12,311
1934	...	...	...	„	78,375
1935	...	...	...	„	117,180

The schedule was changed from 16th March, 1936, to conform with the alterations throughout the route and is now as follows :—

Karachi.—Depart : Monday, Thursday.

Singapore.—Arrive : Thursday, Sunday.

Singapore.—Depart : Sunday, Wednesday.

Karachi.—Arrive : Wednesday, Saturday.

FOREIGN AIR SERVICES.

K.L.M. and Air France.—An important development in connection with these services was the duplication and speeding up of the K.L.M. (Dutch) air line from Amsterdam to Batavia. The Douglas aircraft now in service cruise at a speed in the region of 200 miles an hour and have given a striking demonstration of the higher speeds now possible in air transport as the result of recent technical improvements in aircraft and engines.

The number of flights across India made by K.L.M. and Air France aircraft during 1935 was as follows :—

				<i>Eastbound.</i>	<i>Westbound.</i>
K.L.M.	...	...	...	81	80
Air France	...	...	...	52	52

Both services are flying at a higher speed, as will be observed from the following comparison between 1934 and 1935 schedules :—

				<i>1934.</i>	<i>1935.</i>
K.L.M.—					
Amsterdam—Karachi	...			4½ days	3½ days
Air France—					
Paris—Karachi	...	...		6 days	4½ days

The services are operated to different schedules during the winter and summer months and the above schedules relate to the services operating at the end of the year.

The quick passage afforded by the K.L.M. service has appealed to the public, as the following figures for the number of passengers carried between India and Europe will show :—

				<i>To India.</i>	<i>From India.</i>
1934	...	...	...	19	46
1935	...	...	...	161	185

Neither of the two foreign air lines is permitted to carry passengers between places in India, and the only mails which may be carried are those destined for countries which are not served by the Imperial route.

INDIAN INTERNAL SERVICES.

Tata Sons, Ltd.

Karachi-Bombay-Madras Service.—A remarkable advance has been made in the weight of air mails carried. Mail loads during 1935 amounted to 30·2 tons, as compared with 18·5 tons in 1934. In addition, 40 passengers and 364 lbs. of freight were carried. The total mileage flown was 287,610, or 100 per cent. above 1934. Since March, 1936, the schedule has been as follows:—

Karachi.—Depart: Friday, Tuesday.

Madras. Arrive: Saturday, Wednesday.

Madras.—Depart: Monday, Thursday.

Karachi.—Arrive: Tuesday, Friday.

It is estimated that no less than 40 per cent. of the mails carried on the United Kingdom-India service are collected or distributed by this Karachi-Bombay-Madras feeder route.

In co-operation with the Government of Travancore, an experimental weekly service between Bombay and Trivandrum *via* Goa and Cannanore was established in October, 1935, for a period of six months. The service connects at Bombay with the Karachi-Madras service in both directions and carries passengers, freight and mail.

Indian National Airways.—This company suffered the fate of many pioneers in 1935 and were obliged to close their regular services operated from Calcutta and also the Rangoon Flying School. Early in 1936 the company approached the Government of India for financial assistance and a special grant was made to tide the company over in view of the developments which are expected in 1937 in connection with the Empire Air Mail Scheme.

The Karachi-Lahore mail service carries about 15 per cent. of the total India air mail. The service was doubled in January, 1935, to conform with that of the main service, which increased the company's expenses without causing a corresponding increase in receipts. The service affords a saving of time over surface transport of 24 hours for Baluchistan and 18 hours for Lahore. The real benefit of the time saving cannot be reaped until the route is completely equipped and flown by night. The total weight of mails carried in 1935 was little short of 11½ tons and the mileage flown was 147,174. Two passengers and 75 lbs. of freight were carried.

The Calcutta-Dacca-Chittagong and Calcutta-Rangoon services were respectively discontinued in June and August, 1935. The services were operated with great regularity for

18 months even through extremely difficult monsoon weather, and the decision to suspend operations was forced on the company by the failure of the public to support the services on the scale expected and the inability of Government to afford financial aid during the period of development. The duplication of the main trans-Continental service on the Calcutta-Singapore section finally forced the company to close down even their weekly service from Calcutta to Rangoon.

Himalaya Airways Ltd.—The company maintains a service between Hardwar and Gauchar, which caters for pilgrims visiting the temple at Barrinath and for tourists who wish to see the Himalayas at close quarters. The 70 miles journey is flown in an hour whereas it may take ten days for pilgrims travelling on foot. A total of 350 passengers was carried on the service during 1935.

Irrawaddy Flotilla and Airways Ltd.—The company operates experimental air services in Burma. The Rangoon-Mandalay service was operated throughout the year. The Rangoon-Moulmein-Tavoy service was in operation up to and during March, 1935; this service was then suspended and a service from Rangoon to Moulmeingyum was substituted but flying was discontinued after 28th May, 1935. The next enterprise, in June, 1935, was a service from Rangoon to Yenangyaung (oil fields), the service being scheduled to operate every Saturday and Monday. This service continued in operation throughout the remainder of the year. Traffic results were poor and in 1936 the company are running the service only if passengers offer. The number of miles flown on regular air services during the year 1935 was 71,894, whilst 322 passengers and 27 lbs. of freight were carried. In addition, a number of charter flights was performed during 1935.

MISCELLANEOUS FLYING AND COMMERCIAL ACTIVITIES.

Air Survey and Photography.—Indian Air Survey and Transport Ltd. were engaged on surveys totalling 3,825 square miles during the year. Two geological surveys were completed, a photographic tour of Southern India was undertaken and an irrigation survey completed. There was a marked increase in the number of oblique photographs taken of commercial and industrial objects. The company continued to maintain and operate an ambulance aeroplane for the Government of Bengal.

Non-Regular Air Transport.—The following table shows the amount of non-regular air transport, including special charter flying, performed during the year 1935. A large increase is

shown, particularly in the operations of Himalaya Airways Ltd. and Irrawaddy Flotilla and Airways Ltd., whose services were of a semi-regular nature. Indian National Airways Ltd. have considerably increased the volume of their special charter and air-taxi operations, the number of passengers carried having advanced from 257 in 1934 to 795 in 1935.

<i>Company or Organisation.</i>	<i>Journeys.</i>	<i>Hours flown.</i>	<i>Miles flown.</i>	<i>Passengers.</i>
Indian National Airways, Ltd.	461	894	83,960	795
Tata Sons, Ltd.*... ..	Not known	375	33,967	1
Himalaya Airways Ltd.* ...	574	509	36,696	275
Irrawaddy Flotilla & Airways Ltd.†	143	1,026	76,147	349
Flying Clubs	50	428	31,478	63
Total 1935	1,228	3,232	262,248	1,483
Total 1934	272	827	77,501	326

* Includes demonstration and other flights.

† Includes flying done on Rangoon—Mandalay and other services.

Imports of Aircraft and Aircraft Material.—The import trade in aircraft and aircraft spare parts and accessories has continued on the same scale as in 1933, when the imports included the fleet of Indian Trans-Continental Airways Ltd. Figures for the three years 1933-5 are as follows :—

				Rs.
1933	...	...	...	8,18,174
1934	...	...	...	8,08,565
1935	...	...	...	8,16,604

De Havilland Aircraft Co. Ltd.—The distribution and repair organisation maintained by this company at Karachi reports a total turnover of Rs.2,41,619 during the year as compared with Rs.2,58,143 in 1934. Apart from the sale of aircraft and aircraft spares, the company undertakes major repairs to aircraft, complete overhaul of engines and annual overhauls for Certificates of Airworthiness.

GROUND ORGANIZATION.

Revised Capital Works Programme.—As a result of important new developments which arose after the original proposals were prepared, the capital works programme described in the 1934-5 Report has been completely revised and recast and the opportunity has been taken of making a detailed re-adjustment of estimates based upon closer investigation of individual works. Very considerable changes have been made in the scope and urgency of the plans.

It will be recalled that under the original programme an expenditure of Rs.92,57,000 (£694,275) was sanctioned for the general development of air routes in India over a series

of years. The programme was not intended to meet any specified emergency, but a distinction was made between works of first urgency and works of secondary urgency. The programme envisaged the completion or partial completion of organisation on five routes, namely,—

Karachi-Delhi-Calcutta-Rangoon-Victoria Point.

Karachi-Ahmedabad-Bombay-Madras-Colombo.

Bombay-Calcutta.

Karachi-Lahore.

Madras-Calcutta, Coast route.

When the Empire Air Mail Scheme was communicated to the Government of India some months after this programme was approved, it was immediately realised that the plans would require extensive revision, for, whatever the decision of the Government of India might be regarding the air mail scheme, it was certain that by 1937 air mail services would be much more frequent and would be operating regularly by night as well as by day.

Therefore, in place of the extensive development of five air routes, it now became necessary to consider the intensive development of the trans-India route and its two feeder routes, Karachi-Bombay-Madras-Colombo and Karachi-Lahore. There were no longer two degrees of urgency since all the work proposed for these routes must be done at once if they were to be made safe for the air mail frequencies and night flying operations of 1937.

In drawing up the revised programme, all works which could be abandoned or indefinitely postponed, amounting to a total of Rs.23,49,750 (£176,230) were eliminated, and a supplementary programme was compiled including such additional works as were now essential for the safe operation on these three routes. There were also items which could not have been foreseen when the original programme was prepared such as the establishment of a Sanitary Air Port at Karachi and the development of civil aerodromes in lieu of landing ground in the possession of the Defence Department.

The new programme, in its two parts, called for the following expenditure on capital works :—

Proposed Expenditure, Revised Programme.

		Rs.
Revised original programme ...	...	80,26,775
Supplementary programme ...	...	29,85,850
		<hr/>
		Rs.1,10,12,625
		(£825,940)

Note.—An additional Rs.20,000 is estimated to be the cost of equipping the “ Sanitary ” buildings at Karachi.

When considering this large expenditure it must be borne in mind that during the six years from 1927-8 to 1933-4 in which civil aviation was a departmental activity of the Government, the total expenditure of a capital nature on ground organisation was Rs. 69,00,000 (£517,500). Only rudimentary facilities were provided. The trans-India route was organised on a very modest scale for day flying and practically nothing was done towards the organisation of feeder routes.

Approval was given for work to proceed along the lines of the revised programme and provisional approval was given also for the recurrent expenditure entailed by this programme. It was, however, decided that pending the final decision of the Government of India on the Empire Air Mail Scheme, certain works, mainly in connection with the feeder routes, should be deferred. The works now authorised and in progress, or completed, amount to a total sum of Rs. 91,05,400 composed of the following items :—

Works sanctioned—Revised Programme.

	Rs.
(1) Improvement of Aerodromes	35,11,800
(2) Hangars	16,00,000
(3) New aerodromes and landing ground	14,66,800
(4) Lighting for night flying... ..	10,56,000
(5) Surveys, furniture, equipment, staff	3,12,000
(6) Meteorology	3,84,800
(7) Wireless	7,74,000

This scheme of ground organisation, when fully completed, will provide a standard of efficiency on the three principal air routes sufficient to ensure that air mail services can be operated with safety and reliability by day and by night, and will thus bring India into line with other countries similarly equipped. It must not be supposed, however, that the capital works programme is final, for progress in civil aviation is rapid and continuous and world operating practice is ceaselessly developing and improving.

EMPIRE AIR MAIL SCHEME.

The proposals of His Majesty's Government for the carriage of all first class mail between Empire countries by air under the Empire Air Mail Scheme and the inauguration of a fast day and night flying service at frequent intervals between London, India and Australia have been under consideration by the Government of India during the year, but as this Report deals with events during the past year, comment must be deferred until a future occasion.

The New Howrah Bridge.—The award, on the 8th July, 1936, to the Cleveland Bridge and Engineering Company, Ltd., of Darlington, of the contract for the new cantilever bridge over the river Hooghly at Calcutta closes a controversy which has lasted for many years and which has been frequently referred to in these reports. The Howrah Bridge Commissioners had called for tenders in accordance with the specifications prepared by their Consulting Engineers, Messrs. Rendel, Palmer & Tritton. At the same time, they intimated that they would be prepared to receive tenders for alternative designs. On the standard design the Cleveland Company submitted a tender which was Rs.18 lakhs lower than that of their principal competitors—a Combine including the three principal steel fabricating firms in Calcutta. The Combine, however, submitted an alternative tender based on their own design, which came in at a much lower figure than the Cleveland Bridge and Engineering Company's offer on the standard design. The decision was delayed for over a year owing to the difficulty of assessing the rival merits of the two designs. Finally, certain specific features of the alternative design, e.g. the system of pile foundations as opposed to monoliths, the effect of the shorter span on the action of the river and the merits of the lighter roadways, were referred to independent experts, who reported in favour of the adoption of the standard design.

In the meantime, the Cleveland Bridge and Engineering Company had signified that they were prepared to purchase in India the fabricated steel required if it could be obtained at fair rates. This offer removed the opposition of those interested parties who desired to see the bridge constructed from Indian materials and cleared the way for the acceptance of the Darlington firm's offer.

The bridge, with a main span of 1,500 feet, is designed to carry a 71-foot roadway and two footpaths each 15 feet wide cantilevered out on each side. The approximate weight of high tensile and mild steel in the bridge may be taken as 17,000 tons and 8,500 tons respectively.

CHAPTER II

AN ACCOUNT OF THE FURTHER DEVELOPMENT OF PURCHASES OF GOVERNMENT STORES IN INDIA BY THE INDIAN STORES DEPARTMENT, THE RAILWAY ADMINISTRATIONS AND OTHER DEPARTMENTS OF THE GOVERNMENT OF INDIA.

The Indian Stores Department in 1935-6.—I am indebted to Mr. R. W. Targett, Officiating Chief Controller of Stores, for the following information, which has been abstracted from his Administration Report for the year. The Officiating Chief Controller reviews the progress made during the year in the following terms :—

“ The report of the Indian Stores Department for the year 1934-5 recorded a marked improvement in the volume of business done by the Department. It is gratifying to be able to report that during the year 1935-6 not only has that improvement been maintained in every direction but all past records have been broken including those for the year 1929-30, the highest of the pre-retrenchment period. The number of orders placed during the year increased from 61,803 to 74,323, and their value from Rs.4,76,36,251 to Rs.5,59,04,866, showing an increase of Rs. 82,68,615 (or 17·35 per cent.).

“ *The operation of the Rupee Tender Rules.*—The revised rules for the supply of articles required to be purchased for the public service were introduced by the Central Government in the year 1930-1. These rules make it obligatory on all purchasing departments to obtain their requirements of stores (with certain exceptions) on the condition that they are delivered and paid for in rupees in India. The Governments of Madras, Bombay, Central Provinces and Assam adopted these rules the same year. Other Provincial Governments have subsequently followed suit; Bihar and Orissa adopted the rules in 1931-2, Bengal and the North West Frontier Province in 1932-3, Burma in 1933-4 and the United Provinces in 1934-5. The Punjab still have the question under consideration.

“ *Indents on the Director-General, India Store Department, London and firms abroad.*—Copies of 1,416 indents of the estimated value of Rs.77,42,267 placed by the various Provincial Governments and Central Government Departments on the Director-General, India Store Department, London, or direct on firms abroad were received for scrutiny during the year as against 1,257 indents of the estimated value of Rs.93,32,272 during the year 1934-5.

“Demands of the estimated value of Rs.33,293 were challenged during the year as against Rs.74,640 during the previous

year. The following statement shows the results of the examination of indents during the years 1932-3 to 1935-6.

Year.	No. of indents examined.	Value of indents examined.	Value of items challenged.	Percentage of the value of items challenged to total value of indents.
1932-3 ...	835	74,36,880	63,573	0.85
1933-4 ...	1,180	60,01,840	80,333	1.33
1934-5 ...	1,257	93,32,272	74,640	0.79
1935-6 ...	1,416	77,42,267	33,293	0.43

“ The Half Yearly Lists of stores obtained from abroad were published in the Indian Trade Journal during August, 1935, and March, 1936, for the information of the commercial and industrial community.

“ *Utilization of the services of the Indian Stores Department by authorities outside India.*—The services of the Department continued to be utilized, as in past years, by the Resident Engineer, Royal Airship Base, Karachi, for the purchase and inspection of miscellaneous stores and by the Inspector-General of Police, Singapore, Straits Settlements, for uniforms and accoutrements. The total value of orders placed on behalf of these authorities aggregated Rs.7,922. The Colonial Store Keeper, Ceylon, purchased fuel oil of the value of Rs.2,603 through the Department.

“ Tents of the value of Rs.5,699 were inspected on behalf of the Palestine Government, and cast iron pipes and specials aggregating 108 tons on behalf of the Singapore Municipality.

“ *Variations in demands.*—The following statement shows the fluctuations in the values of orders placed on behalf of various indenting authorities, as compared with the corresponding figures of the preceding year :—

Indenting authorities.	Value of orders during		Increase + decrease —	Percentage increase + decrease —
	1934-5.	1935-6.		
Central—Defence ...	86,06,705	1,03,66,765	+17,60,060	+ 20.45
Central—Civil ...	56,96,890	90,74,628	+33,77,738	+ 59.29
Railways—				
State-worked ...	2,53,50,592	2,78,10,824	+24,60,232	+ 9.70
Company-worked ...	6,15,345	6,76,206	+ 60,861	+ 9.89
Indian State-worked	5,31,899	5,34,414	+ 2,515	+ 0.47
Total Railways ...	2,64,97,836	2,90,21,444	+25,23,608	+ 9.52
Provincial Governments	52,17,782	63,51,490	+11,33,708	+ 21.72
Indian States ...	4,35,317	3,64,292	— 71,025	— 16.31
Quasi-Public bodies ...	11,66,997	7,15,722	— 4,51,275	— 38.7
British and Colonial Governments ...	14,724	10,525	— 4,199	— 28.51
GRAND TOTAL ...	4,76,36,251	5,59,04,866	+82,68,615	+ 17.35

“ The value of stores purchased on behalf of Provincial Governments increased from Rs.52,17,782 to Rs.63,51,490. That these authorities appreciate the facilities offered by the Department, particularly in the very wide range of rate and running contracts, is evident from the figures of purchases on their behalf during the last four years, viz. :—

<i>Year.</i>	<i>Rs.</i>
1932-33	42,30,220
1933-34	59,39,207
1934-35	52,17,782
1935-36	63,51,490

“ *Purchases on behalf of the Defence Department.*—Purchases made on behalf of the Army, Navy, Royal Air Force and other Military authorities amounted to Rs.1,03,66,765 against the previous year's total of Rs.86,06,705, an increase of Rs.17,60,060 or 20 per cent.

“ The value of textile stores purchased for these authorities decreased by Rs.4,01,449, but the value of engineering stores increased by Rs.21,61,509.

“ Purchases for the Quartermaster General in India, including mechanical transport equipment, increased by Rs.2,19,641 while those for the Master General of the Ordnance decreased by Rs.3,81,248. Purchases for the Military Engineering Services showed a substantial increase of Rs.19,83,918.

“ *Purchases on behalf of Civil Departments of the Central Government.*—The value of purchases made for these authorities amounted to Rs.90,74,628 representing an increase of Rs.33,77,738 over the previous year. The major portion of this increase is accounted for by the expenditure of Rs.19 lakhs by the Civil Aviation Department on hangars and lighting equipments while the Posts and Telegraphs Department increased their purchases by Rs.17,84,074. Purchases for the Central Public Works Department decreased by Rs.5,95,164.

“ *Purchases on account of Railway Administrations.*—In paragraph 21 of the Administration Report for 1934-5 it was mentioned that as a result of the meetings with the Railway Board 30 items were added to the list of the requirements of State Railway Administrations, the purchase and inspection of which were entrusted to the Indian Stores Department.

“ The list has been further expanded by the addition of the following items :—

- (1) Plates, steel trough.
- (2) Small tools (such as milling cutters, twist drills, etc.) and grinding wheels.
- (3) Plates, copper, all types other than flanged.
- (4) Body Panel plates.
- (5) All steel castings.
- (6) Lead wool.
- (7) Wire netting.
- (8) Hinges of all kinds.
- (9) Screws, coach.
- (10) Split pins, and cotters.
- (11) Tool steel.
- (12) Tin plates.
- (13) Brass gauze.
- (14) Copper gauze.
- (15) Aluminium.
- (16) Platinum.
- (17) Almirahs, racks and shelving, steel.
- (18) Hospital equipment, e.g., beds, ward furniture, sterilisers, X-Ray apparatus, etc.

“ Purchases on behalf of State Railways amounted to Rs.2,78,10,824, an increase of Rs.24,60,232 over the previous year. Purchases on behalf of the Company-worked Railways amounted to Rs.6,76,206 and of Railways worked by Indian States to Rs.5,34,414. The total purchases made for all Railway Administrations were Rs.2,90,21,444 against Rs.2,64,97,836 in 1934-5.

“ *Purchases on behalf of Provincial Governments.*—The total purchases on behalf of the Provincial Governments were Rs.63,51,490 against Rs.52,17,782 in 1934-5, an increase of Rs.11,33,708. The Madras Government contributed to this increase to the extent of Rs.7,37,738, while the Bombay, Bihar and Orissa and Central Provinces Governments increased their purchases by about rupees one lakh each. The Bengal and Burma Governments also placed orders of a greater value as compared with those of the preceding year.

“ *Details of Important Purchases.*—The more important purchases made during the year are shown below:—

Textile and Leather stores.

	Amount Rs.
Drills	10,90,000
Cotton-waste	8,18,000
Blankets	6,23,000
Jackets, cardigan, waistcoats and jerseys, woollen	5,56,000
Tents and tent components	5,49,000
Pugree cloth, dyed and bleached	5,18,000
Flannel	4,70,000
Socks, stockings, gloves, etc.	4,75,000
Great coats and great coat cloth	4,40,000
Serges	3,99,000
Yarn, cotton and woollen	2,09,000
Paulins	1,93,000
Putties, cotton and woollen	1,84,000
Durries, cotton	1,83,000
Leather cloth, linoleum, etc.	1,54,000
Rugs, horse	1,52,000
Canvas, jute, cotton, flax	1,25,000
Blanketing cloth	1,21,000
Twill	1,20,000
Sheets, barrack and hospital	1,08,000
Wool, cotton, absorbent	1,04,000
Hessians and gunnies	1,04,000
Ropes, head and heel, manilla, etc.	1,03,000
Thread, sewing and twines	1,01,000
Bandage cloth	94,000
Flannelette	91,000
Dhotie cloth, long cloth and dosuti cloth, etc.	86,000
Sheets, ground	89,000
Capes and coats, waterproof	87,000
Hides and skins and leather accoutrements	82,000
Carpets and durries, woollen	81,000
Duck, cotton	79,000
Bags, postal, (jute, flax and leather)	74,000
Cordages, cotton, etc.	68,000
Drawers, cotton and woollen	61,000
Web equipment and components	60,000
Dusters, handkerchiefs, etc.	59,000
Boots and shoes	59,000
Cloth, cotton, jaconet, dungree, etc.	57,000
Garments, uniforms	56,000
Cloth, cord	56,000
Tape and webbing	50,000

“ *Engineering, Hardware and Miscellaneous Stores.*

The total value of purchases during the year amounted to Rs.4,59,82,622 against Rs.3,80,50,894 during the preceding year, showing an increase of Rs.79,31,728 or 20·8 per cent. A further gratifying feature of the activities of this branch is the fact that an appreciable advance was made during the year on the purchase of articles of indigenous manufacture. The value of important items of engineering and miscellaneous

stores wholly or partially manufactured in India, for which contracts were placed, amounted to over rupees two crores, representing 45 per cent. of the total value of purchases during the year. The corresponding figure for the previous year was 36 per cent. This expansion in the range and value of Engineering and allied stores of Indian manufacture which the Department has been able to purchase demonstrates the steady growth and development of the engineering industry in India. Electric lamps, galvanised iron pipes and fittings, and weighing machines of Indian manufacture were purchased for the first time during the year under review.

“ The following table shows the extent to which Engineering and Miscellaneous stores were purchased on behalf of the various indentors utilising the services of the Department :—

<i>Indenting authorities.</i>			<i>1934-5.</i>	<i>1935-6.</i>	<i>Differences.</i>
			<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
Central Defence	...	...	32,90,830	54,52,339	+ 21,61,509
Central Civil	...	...	49,26,811	81,45,308	+ 32,18,497
State Railways	...	...	2,28,53,921	2,49,80,260	+ 21,26,339
Company Railways	...	...	5,69,796	6,14,100	+ 44,304
Railways worked by Indian States	...	...	5,15,000	5,17,074	+ 2,074
Provincial Governments	...	...	43,09,955	51,93,260	+ 8,83,305
Indian States...	...	...	4,27,733	3,61,437	— 66,296
Quasi-public bodies	...	...	11,52,768	7,11,624	— 4,41,144
British and Colonial Governments	...	...	4,080	7,220	+ 3,140
Total	...	...	3,80,50,894	4,59,82,622	+ 79,31,728

“ *Details of important purchases of Engineering and Miscellaneous stores.*—The more important purchases made during the year were :—

	<i>Amount</i>
	<i>Rs.</i>
Mild steel sections and sheets	35,60,000
Axles, tyres, wheels, screw couplings, underframe parts, etc., for railway wagons and locomotives	32,09,000
Railway track and fittings	28,92,000
Cables, conductors and transmission line material including poles, steel, tubular	26,93,000
Lubricating oils and greases	23,58,000
Cement	19,93,000
Paints and varnishes	19,83,000
Road dressing material	19,42,000
Oil, kerosene	14,80,000
Aeroplane hangars	13,20,000
Fans, electric	12,79,000
Electrical fittings and miscellaneous electrical stores	10,31,000
Oil, fuel	9,05,000
Lamps, electric	9,40,000
Engineering plant, machinery and spare parts	8,69,000
Pig iron	8,57,000
Battery and battery charging equipment	8,41,000
Tools including track tools, hand tools and workshop tools	7,20,000
Wire steel	6,34,000
Beacons, floodlight and lighthouse equipment	6,15,000
Dynamos, train lighting	5,82,000

	<i>Amount</i>
	<i>Rs.</i>
Vacuum brake fittings	4,76,000
Motor vehicles	4,62,000
Pipes and fittings	4,59,000
Tyres and tubes, rubber, for motor vehicles, etc.	4,58,000
Pipes and specials, cast iron	4,31,000
Sheets, galvanised iron	4,27,000
Cells, primary and elements	3,92,000
Fittings, carriage and wagon	3,41,000
Bolts and nuts	3,30,000
Petrol	2,87,000
Oil, castor	2,70,000
Gas, oxygen	2,69,000
Boiler and flue tubes, etc.	2,57,000
Oil, linseed	2,58,000
Locomotive fittings	2,45,000
Timber	2,31,000
Insulators, porcelain	2,29,000
Charpoys, galvanised iron	2,00,000
Electrodes	1,90,000
Steel structures, tanks and stagings	1,75,000
Pig lead	1,74,000
Zinc ingots	1,60,000
Pipes, cement asbestos	1,58,000
Boards, building	1,46,000
Boilers and spare parts	1,42,000
Acids and chemicals	1,36,000
Turpentine	1,34,000
Wagons, platform, tipping trucks, etc.	1,29,000
Extinguishers, fire and fire engines	1,28,000
Point, rodding	1,18,000
Antimony	1,18,000
Meters, electricity	1,16,000
Wire netting	1,15,000
Meters, water	1,13,000
Road, rollers and road making equipment	1,10,000
Bricks, fire and fire clay	1,08,000
Generating plants, sets, and spares	1,03,000
Cranes, lifts, hoists, etc.	1,01,000
Wire, galvanised iron	1,00,000
Fittings, water works	1,00,000
Belting	99,000
Sheets, asbestos, cement	98,000
Hose, canvas	98,000
Spares for telephone and signalling apparatus	95,000
Brushes	92,000
Creosote	92,000
Roofing material	92,000
Files, steel	88,000
Rope, wire	83,000
Coal and coke	78,000
Carbide of calcium	77,000
Weigh-bridges and weighing machines	76,000
Cooking ranges	70,000
Glass, plate and sheet	68,000
Sanitary fittings	62,000
Oil, gas making	56,000
Spring steel	56,000
Hospital equipment	56,000
Boards insulating	56,000
Traction motors and spare parts	52,000
Screws, wood	51,000

Encouragement of Indian Industries and Purchases of Indigenous Products.—I have referred in Chapter I page 17 to the powerful stimulus which the activities of the Indian Stores Department exert on Indian industries. The following brief summary of the work of the Department in this connection will be read with interest and some concern by United Kingdom contractors :—

“ Efforts were maintained during the year to encourage manufacturers in India to undertake the production of new qualities and types of goods and to assist them to improve the quality of their existing products. Every endeavour was made to substitute articles of indigenous manufacture for those imported from abroad. Among articles to which attention was specially devoted during the year for the purpose of developing their manufacture in India and their utilization in preference to imported articles, the following may be mentioned :—

“ (1) *Carriage and wagon fittings.*—Assistance was given to two Engineering works in Bombay in the manufacture of fittings supplied to various Railways in India. As these fittings have to be made to fine limits of tolerance, manufacture had to be closely scrutinised and advice given to ensure that the products were up to the standard required.

“ (2) *Castings.*—Technical advice was given to overcome defects as they came to light during the inspection of the entire output of two foundries in Bombay.

“ (3) *Wagons.*—Covered broad gauge wagons were manufactured for the first time in Bombay and the Inspecting officers of the Circle gave useful technical advice and assistance.

“ (4) *Enamelled plates and mouldings.*—An order was placed by a Railway Administration with a firm in the Bombay Circle for the manufacture of these plates and mouldings. As this was the first attempt in India in this direction, an Inspecting Officer of the Department was specially deputed to assist the firm during the process of manufacture. Advice was given regarding the machinery, apparatus and appliances required and the preliminary experiments to be carried out. Careful supervision was exercised over the various processes of manufacture and the final results were satisfactory.

“ (5) *Irrigation Pumps.*—A local Government placed an order for 20 centrifugal pumps for borehole wells with a firm in Poona and entrusted the inspection to the Department. Advice and assistance were given to the firm during manufacture and the pumps were subjected to thorough inspection and tests at the works.

“(6) *Tie bars*.—A firm in Cawnpore was given the necessary technical assistance in the manufacture of tie bars to be rolled from second-hand rails against an order placed by a Railway Administration for 8,000 pieces.

“(7) *Lead seals*.—An indenting officer was using 3 lakhs of imported lead seals annually. As a result of investigations made and the technical help rendered by the Department it has been possible for an Indian firm to manufacture these seals to the required specification. The indenting officer has approved their sample and has placed an order with the firm for two hundred thousand seals.

“(8) *Earthenware troughing, blue Staffordshire tiles and ridges, earthenware*.—Standard samples were obtained and distributed to firms in India. A firm in Calcutta has been able to manufacture and compete favourably in price with firms abroad, with the result that the principal indenter for these articles has undertaken to place his indents in future for such articles with the Indian manufacturer.

“(9) *Hurricane lanterns*.—Three firms who have recently started the manufacture of hurricane lanterns sent their samples to the Department for inspection and advice. These samples exhibited a number of defects and the firms were instructed in detail as to the measures to be taken to remove them.

“(10) *Electric lamps*.—Electric lamps manufactured by a firm in Calcutta have been included for the first time in the Department's annual rate contract and all indentors have been asked to obtain at least a portion of their requirements of lamps from this firm.

“(11) *Whistles with chains*.—Police whistles and chains which were formerly imported have with the assistance of the Department been manufactured satisfactorily in Aligarh at much lower prices and a contract for the supply of these goods has been placed.

“(12) *Flannel, silver grey*.—A trial order for 51,000 yards of flannel, silver grey, 54 inches wide, was placed with an Indian manufacturer. This material is purchased regularly in large quantities and hitherto it has had to be imported. It has now been established that India can produce the material in an acceptable quality. This result has been achieved after many years of effort on the part of the manufacturers and this Department.

“(13) *Vests and drawers, woollen knitted*.—The Department encouraged the manufacture of these items to the required specification with the result that,

whereas the garments were formerly imported, an order was placed with a Cawnpore factory covering the entire requirements for the year.

“(14) *Mosquito netting*.—The manufacture of mosquito netting in India has been engaging the attention of the Department for some time past. A quality has now been produced by a certain mill which is acceptable against the requirements of Civil indentors and it is hoped that, with more experience, the manufacturer will be able to produce material to the Army standard of quality. An order for 5,500 yards was placed during the year for supplies to be made to the State Railways.

“(15) *Axle boxes, caps for milk bottles, push and release valves, water sluice valves, iron guards for railway carriages, locks, electric and miscellaneous hardware fittings, leather goods and waterproof garments.*”

Important purchases of articles of Indian manufacture.—The following is a list of the more important contracts placed during the year for products which were wholly or partially produced or manufactured in India :—

Textile and Leather Goods.

	<i>Amount Rs.</i>
Drill	10,90,000
Cotton waste	8,18,000
Blankets	6,23,000
Jackets, cardigan, waistcoat, vests, jerseys, etc.	5,56,000
Tents and tent components	5,49,000
Pugree cloth, dyed and bleached	5,42,000
Socks, stockings, gloves, etc.	4,75,000
Flannel	4,27,000
Greatcoats and greatcoat cloth	4,00,000
Serges	3,82,000
Yarn, cotton and woollen	2,08,000
Paulins	1,93,000
Durries, cotton	1,83,000
Rugs, horse	1,52,000
Blanketing cloth	1,21,000
Twine, cotton	1,20,000
Sheets, barrack and hospital	1,08,000
Hessians and gunnies	1,04,000
Wool cotton absorbent	1,04,000
Ropes, manilla (head and heel) etc.	1,03,000
Bandage cloth	94,000
Flannelette	91,000
Thread sewing and twine	90,000
Sheets, ground	89,000
Dhoti cloth, dosuti cloth and long cloth	77,000
Capes and coats, waterproof	87,000
Carpets and durries, woollen	81,000
Duck (cotton and flax)	79,000
Putties, cotton and woollen	76,000

	<i>Amount</i> <i>Rs.</i>
Bags, postal, jute, etc.	74,000
Cordages, manilla, cotton, hemp, etc.	68,000
Drawers, cotton and woollen	60,000
Dusters, handkerchiefs, etc.	59,000
Boots, shoes, etc.	59,000
Hides and skins and leather accoutrements	59,000
Garments, uniforms	56,000
Tape and webbing	50,000
Gauze absorbent	46,000
Towels and towelling cloth	37,000
Cases, pillows, mattresses, etc.	30,000
Cloth, jaconet, dungree, etc.	27,000
Wool stuffing, packing and trimming worsted	24,000
Cloth, baize and Oxford	22,000
Caps, cotton, balaclava, etc.	22,000
Buntings and flags	21,000
Shirts, blouses, etc.	20,000
Canvas, jute	17,000
Covers and nets, tank mule, etc.	14,000
Cambric	12,000
Kullahs, fringes, etc.	11,000
Coir and coir made articles	10,000
Bags, ration, cotton, canvas	10,000

Engineering and Miscellaneous Stores.

Mild Steel sections and sheets	26,08,000
Cement	19,85,000
Railway track and fittings	19,19,000
Paints and varnishes	16,43,000
Road dressing materials	14,78,000
Oil, kerosene	14,62,000
Aeroplane hangars	13,20,000
Conductors, copper	11,41,000
Greases and oil, lubricating	10,54,000
Pig iron	8,53,000
Pipes and specials, cast iron	4,53,000
Component parts for Railway carriage underframes	3,90,000
Cables, electric	3,37,000
Petrol	2,87,000
Oil, castor	2,70,000
Gas, oxygen	2,69,000
Oil, linseed	2,58,000
Timber	2,08,000
Charpoys, galvanised iron	2,00,000
Insulators, porcelain	1,78,000
Steel structures, tanks and stagings	1,75,000
Pig lead	1,74,000
Fittings, carriage and wagon	1,52,000
Turpentine	1,34,000
Vacuum brake fittings	1,17,000
Bricks, fire and fire clay	1,03,000
Sheets, asbestos cement	95,000
Creosote	92,000
Fans, electric	89,000
Components of electric primary cells	87,000
Bolts and nuts	82,000
Coal and coke	78,000

	<i>Amount Rs.</i>
Wire, copper weld	78,000
Point rodding	58,000
Hospital equipment and appliances	52,000
Locks	49,000
Cooking ranges	42,000
Spares for telephone and signalling apparatus	41,000
Dust shields, leather and plywood	40,000
Soap	35,000
Acids	34,000
Steel lighter	32,000
Electrical fittings	32,000
Wagons, platform	29,000
Pipes and fittings, stoneware	28,000
Gas, acetylene, dissolved	26,000
Skips, crane	23,000
Nails	22,000
Disinfectants	22,000
Spirit, methylated	21,000
Launches, motor	21,000
Fittings, water	19,000
Couplers, inter-vehicle and spares	16,000
Shellac	16,000
Keys, wooden, Babool	14,000
Wheels and axles	14,000
Wire, steel	13,000
Oil, gas making	11,000
Handcuffs	10,000
Furniture (steel)	10,000

Exhibition of Indian Manufactures.—As has already been mentioned in the previous reports, arrangements exist in the Imperial Secretariat Buildings, New Delhi, for exhibiting articles of Indian manufacture. The exhibition is now fairly representative of the various classes of indigenous articles purchased by the Department. Samples of disinfectants, shoe polishes and surgical dressings of Indian manufacture were added to the collections during the year under review.

Certification of material for exemption of Customs Duty.—During the year the Metallurgical Inspector, Tatanagar, continued to issue certificates for exemption of customs duty in regard to certain items of raw materials used by Messrs. The Indian Cable Co., Ltd., and certificates covering 3,766 tons of imported electrolytic copper rods were issued by him.

Certificates for the free importation of approximately 1,083 tons of wire rods were issued by the Controller of Inspection, Bombay, to Messrs. The Indian Hume Pipe Co., Ltd., for the manufacture of wire and wire nails.

Purchases of Railway Materials.—The most recently published report on Indian Railways for 1934-5 states that the value of stores purchased by Class I Railways (excluding H.E.H. the Nizam's State and Jodhpur Railways, which are mainly the property of the

States) shows an increase from Rs.11.97 crores in 1933-4 to Rs.14.13 crores in 1934-5. The principal increases were under permanent way (Rs.68 lakhs), rolling stock (Rs.66 lakhs) and tools and stores (Rs.62 lakhs). Of the total increase of Rs.2.16 crores, Rs.83 lakhs were accounted for by "imported materials" and Rs.133 lakhs by "indigenous materials", the increase under the former being mainly accounted for by rolling stock (Rs.44 lakhs) whereas under the latter it was mainly accounted for by permanent way (Rs.57 lakhs), tools and stores (Rs.44 lakhs) and rolling stock (Rs.22 lakhs).

The following table records the amounts spent under each main heading :—

Particulars.	Value of imported material.			Value of indigenous material.	Total purchases 1934-5.	Total purchases 1933-4.
	Purchased direct.	Purchased through agents in India.	Total imported material.			
	Rs. (crores)	Rs. (crores)	Rs. (crores)	Rs. (crores)	Rs. (crores)	Rs. (crores)
Permanent way	0.09	0.11	0.20	2.49	2.69	2.01
Rolling stock ...	0.66	1.03	1.69	1.17	2.86	2.20
Tools and stores	0.18	1.87	2.05	2.04	4.09	3.47
Building and station materials and fencing ...	0.03	0.15	0.18	0.14	0.32	0.20
Electric plant ...	0.10	0.51	0.61	0.03	0.64	0.53
Workshop machinery	0.08	0.12	0.20	0.01	0.21	0.16
Bridge work ...	0.01	0.01	0.02	0.12	0.14	0.21
Engineer's plant	0.01	0.06	0.07	—	0.07	0.09
Other materials*	—	0.18	0.18	2.93	3.11	3.10
Total ...	1.16	4.04	5.20	8.93	14.13	11.97

* Other materials consist of coal and coke, stone, bricks, lime, ballast, etc.

Purchase of Stores by Railways through the Indian Stores Department.—The total value of stores purchased by railways through the agency of the Indian Stores Department during 1934-35 amounted to Rs.264.98 lakhs of which Rs.25.59 lakhs represented the value of textiles and Rs.239.39 lakhs that of engineering stores. The list of items, the purchase of which by the State-managed railways through the agency of the Indian Stores Department is obligatory, was reviewed and the following items of railway stores were added to the list, namely :—Indian Railway Standard track fittings (excluding rails, fishplates, wood and metal sleepers complete), i.e., fishbolts, dog spikes, bearing plates and metal sleeper components (where the latter are required separately and do not form part

of an order for complete sleepers), points and crossings manufactured from B.S. (F.F.) rails, all Indian Railway Standard component parts of underframes and wagons, Indian Railway Standard plate girder spans, weighing machines and weighbridges, pumping plant of all types including tube well pumps and spare parts, forges portable, vices stand and hand, crucibles including rings and stands therefor, jacks, wheels and axles, pinions and spur wheels for electric multiple unit motor coaches, interior carriage ceiling boards, e.g. mill boarding, sundeala lincrusta and like materials, metal-expanded, all brass and gunmetal water fittings, such as bibcocks, stopcocks, &c., glass, crockery, cutlery, jointing material, emery cloth, glass paper, locomotive headlight equipment including turbo generators and components, ebonite rods and sheets and substitutes.

The value of stores purchased by railways through the Indian Stores Department has increased from Rs.176.06 lakhs during the previous year to Rs.264.98 lakhs during the year under review. A comparison of the total value of stores purchased by railways during recent years with the value of purchases made by them through the Indian Stores Department during the same period will also show that there has been a progressive increase in the percentage of the value of purchases through the Indian Stores Department to the value of total purchases by railways.

Purchase of Army Requirements.—The position remains unchanged since the introduction of the rupee tender system on 1st January, 1931. The bulk of the imported stores contracted for in India are purchased by the Director of Contracts at Army Headquarters, Simla, who acts for all branches of the Army in India. Lethal weapons, munitions of war, technical apparatus and equipment and any other stores required by the Naval, Military or Air Forces of the Crown in India for which drawings, patterns, specifications or designs have been issued, prescribed or announced by the Admiralty, War Office, Air Ministry, Government of India or Commander-in-Chief in India are, by virtue of Rule 8 of the revised Stores Rules, obtained by indent on the Indian Store Department, London, unless they are available in India in accordance with the prescribed drawing, pattern, specification or design. The Indian Stores Department in India purchase the Army textiles, motor transport vehicles, and also the engineering requirements of the Engineer-in-Chief's branch of Army Headquarters. The remainder of the heterogeneous mass of stores required by a modern army is purchased by the Director of Contracts. The wide variety of the items in which he is interested is shown in the following list of the 52 main groups:—

- “ 1. Acids and Chemicals (including artificial manure);
2. Ammunition and Explosives; 3. Batteries and Cells (primary and secondary); 4. Boilers; 5. Brushware; 6.

Crockery; 7. Cutlery and Plate; 8. Dairy Requisites; 9. Electric Cables and Wires; 10. Electrical Stores, miscellaneous; 11. Engines, internal combustion; 12. Engines, steam; 13. Foodstuffs; 14. Footwear; 15. Glassware; 16. Haberdashery; 17. Hardware and Ironmongery; 18. Headwear; 19. Hollow-ware, aluminium; 20. Hollow-ware, enamel; 21. Hollow-ware, iron; 22. Instruments, musical; 23. Instruments, optical, scientific and surveying; 24. Iron and Steel (and their alloys); 25. Leather and Products; 26. Machinery, Agricultural and Dairy; 27. Machinery, miscellaneous; 28. Machinery, workshop; 29. Metals, non-ferrous (ingot and sections); 30. Mill Stores; 31. Miscellaneous Stores; 32. Oil and Colourmen's Stores; 33. Oils (mineral and vegetable) and Lubricants; 34. Packing materials; 35. Paints, Enamels, and Varnishes; 36. Photographic stores; 37. Road Dressing Materials; 38. Rubber goods; 39. Ship Chandlers' Stores; 40. Soap; 41. Stationery and Drawing Office and General Office Requisites; 42. Tanning materials; 43. Telegraph, telephone and wireless stores; 44. Textiles; 45. Timber; 46. Tinware; 47. Tools; 48. Vehicles and accessories; 49. Weighing Appliances; 50. Wickerwork; 51. Wire (steel and iron) and Products; and 52. Woodware."

In view of the imperative need for absolute reliability in Army equipment, the greatest stress is laid by the Director of Contracts upon sound quality. Purchases are made at the keenest possible prices, but the Army Department cannot afford to take risks by reducing quality, either in order to effect economies or to encourage local industries.

The Deputy Director-General (Stores) of the Indian Medical Service purchases, through his medical stores depots at Calcutta, Bombay, Madras, Lahore and Rangoon, considerable quantities of drugs and medicines, dressings and surgical instruments and apparatus. A large proportion of the medical stores required is still bought by home indent on the Director-General of Stores in London. Local purchases of indigenous materials tend to increase. The medical stores depots at Madras and Bombay now manufacture (or rather make-up) a large number of preparations from indigenous raw materials. In Bombay, a local firm manufacture surgical instruments in a factory adjacent to the depot. These instruments are stated to meet the need of many Indian surgeons or hospitals for instruments which, although perhaps not being of the very finest quality and finish as used in Europe or the U.S.A., are sufficiently good for the purpose and are attractive on account of their low price.

Department of Posts and Telegraphs.—The Director-General of Posts and Telegraphs in his Annual Report for 1934-35 summarises

the stores transactions of his department during the past two years in the following table :—

			1933-4.	1934-5.
			<i>Rs.</i>	<i>Rs.</i>
Opening Balance	...	...	57,96,000	48,18,000
Receipts	...	...	33,38,000	54,47,000
Issues	...	...	43,16,000	57,79,000
Closing Balance	...	...	48,18,000	44,86,000

The closing balance includes a stock of stores maintained for possible military requirements, valued at Rs.19,95,000, interest on which is excluded from the departmental accounts. The department continued to pursue the policy of manufacturing, as far as possible, in its own workshops the stores required by it. Where this was not possible the stores were purchased in India. During the year no stores were received from outside the country and the value of stores purchased in India was Rs.31,54,829 as against an amount of Rs.18,18,000 during 1933-34.

The value of the work completed in the Telegraph workshops, compared with the previous year's outturn, was as follows :—

	1933-4.	1934-5.	Increase.
	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
Construction Stores	3,65,400	8,06,000	4,40,600
Instruments (new)	2,69,100	4,48,700	1,79,600
Instruments (repaired)...	1,83,300	2,83,000	99,700
Other works (battery, zincs, etc.)	2,39,000	2,45,700	6,700
Total	10,56,800	17,83,400	7,26,600

The Canteen Contractors' Syndicate, Ltd.—The following note, specially contributed by the Managing Director, will be read with interest by United Kingdom purveyors of provisions and canteen stores :—

“ The Canteen Contractors Syndicate, Ltd., as its name implies, is the organisation created by the Indian Canteen Contractors for the collective purchase and distribution of all their stores required for the Regimental Institutes of British Units in India.

“ Established in 1928 its progress has been marked each year by successive increases of trade, that for 1935-36 constituting a record—this apart from emergency supplies to Government on occasion of the Quetta Earthquake and again for frontier operations. At the former disaster, daily calls for hospital and ration supplies were met immediately from the Syndicate's stocks while a full staff, with several truckloads of canteen stores, including beer and cigarettes, was despatched within a few hours to open up a depot in the earthquake area.

The experience gained led to further experiment in decentralisation and the Syndicate now possesses, besides its port depots at Karachi, Bombay, Calcutta and Madras, a first inland sub-depot at Rawalpindi. The success of this in the prompt supply of the Contractors' more urgent requirements on the spot may be followed by the opening up of similar sub-depots at other important military stations, thus rendering service to the Government also for its needs in war.

"The policy of the Syndicate has always been to give preference, where possible, to Empire goods. Its main demands, of course, are on the United Kingdom, where it operates through its Buying and Shipping Agents, Messrs. L. R. Parker & Co. (1931), Ltd., 109, Fenchurch Street, E.C.3, and bank, the Mercantile Bank of India, Ltd., 15, Gracechurch Street. From Australia the C.C.S., Ltd., is a heavy purchaser of beef dripping, tinned fruits, jams, currants and cheese. Canada is a supplier of many thousands of cases of tinned milk, salmon, sauces, tinned fruits and tomatoes. Other British possessions contribute in proportion including Hong Kong. Nevertheless the C.C.S., Ltd., has still to make direct contact with some seventeen foreign countries, to meet all its needs.

"The C.C.S., Ltd., has now its custom-canvassers travelling the canteens regularly throughout India. Their services are available each tour to a limited number of manufacturers desirous of their special lines being pushed. This innovation has been productive of much increased trade, both with British Units and Indian Army Messes, who are made welcome to the organisation. The centralised supply to Contractor-Members of Mineral Water Essences, of which they are heavy users, has also been initiated with marked results. The year under note, in fact, has been one of rapid development, with increased appreciation among manufacturers of the fact that C.C.S. supplies, under stipulation of Government, may be sold only in the Regimental Canteens and Messes in India. An opportunity is thus afforded for terms special to the Syndicate within its own defined field of trade, which has no relation to the bazaars."

CHAPTER III

A NOTE OF THE ACTIVITIES OF THE INDIAN TARIFF BOARD DURING THE PERIOD WITH SPECIAL REFERENCE TO THE RECENT ENQUIRIES INTO THE CASE FOR PROTECTION OF THE INDIAN COTTON TEXTILE INDUSTRY AGAINST IMPORTS FROM THE UNITED KINGDOM AND OF THE INDIAN WOOLLEN INDUSTRY AGAINST IMPORTS FROM ALL SOURCES.

I. The enquiry regarding the level of duties necessary to afford adequate protection to the Indian Cotton Textile Industry against imports from the United Kingdom of cotton piecegoods and yarn, artificial silk fabrics and mixture fabrics of cotton and artificial silk.

This enquiry was referred to a Special Tariff Board by Resolution No. 341-T (12)/35 dated 10th September, 1935, of the Government of India, Department of Commerce, which was issued in the following terms :—

“ As a result of the visit of the British Textile Mission to India in the autumn of 1933, an Agreement was concluded between the Millowners' Association, Bombay, and the Mission which was expressed in the following terms :—

“ (2) The parties wish to record their conviction that great benefit has been derived by all concerned from the full and frank exchange of views, the personal contacts which have been established and the greater understanding which both sides have secured of each other's position.

“ The parties are agreed that it would be in the best interests of the industries they represent to maintain and develop in the future the contacts which have been established and it is hoped that it will become the practice for views to be exchanged whenever circumstances render it desirable.

“ The following headings of agreement have been adopted on the assumption that the cotton duty is not increased above the present level of half an anna per pound :—

“ (i) It was agreed that the Indian Cotton Textile Industry is entitled, for its progressive development, to a reasonable measure of protection against the imports of United Kingdom yarns and piecegoods. It was also agreed that under present conditions, owing to

lower costs and other factors operating in foreign countries, the Industry required a higher level of protection against them than against the United Kingdom.

“ (ii) As regards cotton piecegoods, it was agreed that if and when the revenue position of the country made it possible for the Government of India to remove the general surcharge on all imports imposed in October, 1931, the Indian side would not make fresh proposals with regard to the duties applicable to the United Kingdom.

“ (iii) In the matter of cotton yarns, the present duties are $6\frac{1}{4}$ per cent. *ad valorem* or $1\frac{7}{8}$ annas per pound. The Indian side has agreed that so far as imports from the United Kingdom are concerned, the duty may be 5 per cent. *ad valorem* with a minimum specific duty of $1\frac{1}{4}$ annas per pound.

“ (iv) So far as artificial silk piecegoods are concerned, the Indian side agreed that in the case of the United Kingdom, the duties may be as follows :—

“ 30 per cent. *ad valorem* or $2\frac{1}{2}$ annas per square yard for 100 per cent. artificial silk fabrics ; and

“ 30 per cent. or 2 annas per square yard for mixture fabrics of cotton and artificial silk.

The present duties on these classes of goods are :—

“ 50 per cent. *ad valorem* or 4 annas per square yard on 100 per cent. artificial silk fabrics ; and

“ 35 per cent. or 2 annas 3 pies per square yard for mixture fabrics of cotton and artificial silk.

“ (v) In so far as the Empire and other overseas markets for piecegoods and yarns are concerned, it is agreed that any advantages which might be arranged for British goods should be extended to Indian goods, and that India, in markets in which she has no independent quota, should participate in any quota which might be allocated to the United Kingdom. In respect of overseas markets in which Indian mills lack established connections, it is agreed that the Manchester Chamber of Commerce should use its good offices to bring about contacts between Indian manufacturers and British houses which are already established in those markets.

“(vi) In regard to raw cotton, the Indian side strongly emphasised the urgent necessity of further efforts being made in the United Kingdom to popularise and promote the use of the Indian raw material. They welcomed the undertaking that the British Textile Mission would be prepared to recommend effective action being taken and keep the Indian side regularly in touch with developments. It was further agreed that other avenues of co-operation in this field should be explored in the interests of the Indian cotton grower.

This understanding is limited in its duration to the period ending on 31st December, 1935.

“(3) At the time when this Agreement was reached, the Government of India had under their consideration the question of the import duties necessary to afford adequate protection to the Indian cotton textile industry, and in their view the scale of duties which had been accepted by an important and representative section of the Indian textile industry constituted a fair basis for the protective scheme in so far as it had application to imports from the United Kingdom. The duties set out in the Agreement were, therefore, with one slight modification in respect of cotton yarn of counts over 50s., given statutory force by the Indian Tariff (Textile Protection) Amendment Act which became law on the 1st May, 1934.

“(4) In the course of the debate on the Bill the then Commerce Member, Sir Joseph Bhore, in moving that the Bill be referred to a Select Committee, stated on behalf of the Government that, though it was intended to afford the textile industry protection for a period of five years, the tariff rates on British goods would remain in force for two years in accordance with the terms of the Agreement between the Lancashire Delegation and the Millowners' Association, Bombay. On the expiry of the two years covered by the Agreement, the duties on British goods for the remaining period of protection would have to be decided on a review of the conditions then existing and in the light of such experience as may have been gained. The period of the Agreement will expire on the 31st December, 1935, and it will be necessary to introduce in the course of the next Budget Session, legislation to give effect to any changes in the duties which may be found necessary. The Government of India have, therefore, decided that the enquiry foreshadowed in Sir Joseph

Bhore's speech should take place at an early date and that it should be entrusted to a Special Tariff Board constituted as follows :—

President.

Sir Alexander Murray, Kt., C.B.E.

Members.

Mr. Fazal Ibrahim Rahimtoola.

Dewan Bahadur A. Ramaswamy Mudaliar.

“(5) The following are the terms of reference to the Board :—

“To recommend on a review of present conditions and in the light of the experience of the effectiveness of the existing duties, the level of the duties necessary to afford adequate protection to the Indian cotton textile industry against imports from the United Kingdom of (a) cotton piecegoods, (b) cotton yarn, (c) fabrics of artificial silk and (d) mixture fabrics of cotton and artificial silk. By adequate protection is meant duties which will equate the prices of imported goods to the fair selling prices for similar goods produced in India.

“(6) In the course of this enquiry, the Board will give a full opportunity to the cotton textile industry, whether in India or the United Kingdom, to present its case and, if necessary, to answer the cases presented by other interested parties.

“(7) The Board will not be required to make any recommendations in respect of revenue duties.”

The Board assembled at Bombay on the 11th October, 1935, and spent three months in visiting factories and Customs Houses and in taking evidence from a large number of witnesses, the most important being the Millowners' Associations of India, the Lancashire Delegation and representatives of Chambers of Commerce. A unanimous report was signed in Calcutta on 26th March, 1936, and was at once presented to the Government of India.

Summary of the Report.—In the first two chapters of its Report the Special Tariff Board discusses its terms of reference, the scope of the enquiry which it had been asked to undertake and the history of the Indian tariff in regard to cotton textiles. In chapters III, IV and V the Board endeavours to estimate the progress which has been made by the Indian industry since 1931 when the import duties on cotton textiles of United Kingdom manufacture were imposed at their existing level; the evidence collected by the Board indicates that very substantial progress has been made. The number of mills in existence or under construction having risen from 363 in 1930-1 to 407 in 1934-5, notwithstanding a decrease

in the mill strength of Bombay Island. The increase in the number of mills has been accompanied by an increase in production, the total for all India having increased by 25 per cent. in respect of cloth and 15 per cent. in respect of yarn. Nor has the progress of the industry been reflected only in the quantity of its production. Quality has also improved. India is definitely turning towards the production of finer counts. Statistics show that in yarns of count between 31s and 40s the increase has been over 57 per cent. In yarns above 40s the increase in the period under review has been even greater and amounts to practically 61 per cent.

It might be that the increased activity in the Indian mills represented only an increased Indian market, the benefit of which was shared equally by imports from abroad and the products of the Indian industry. In chapter IV of the Report the Board considers whether this is in effect true. It finds that whereas the import trade in bleached and coloured goods has managed to hold its own, there has been a definite fall in the imports of plain grey goods. In the case of yarn imports have recovered *pari passu* with the expansion of mill production, though there had been certain changes in the distribution of the import trade. While the United Kingdom has managed to retain the bulk of the trade in bleached and coloured yarns, she had lost part of her very important share in the higher counts of grey yarns. The gain to the Indian industry consists, therefore, in the advance which has been made in the spinning of higher counts.

An expansion of the mill industry in India and its gain at the expense of the external supplier of cotton cloth and yarn does not necessarily imply prosperity. The Board turns in chapters VI and VII of the Report to a consideration of the course of prices throughout the period under review and to the trading results of the Indian mills in that period. The Board comes to the conclusion that the Indian consumer has in the past five years not been penalised to the full extent of the protective duties though that statement is probably more true in respect of piecegoods than in respect of yarn. It is the Board's view that internal competition has now become an important factor in the determination of price levels in India. The Board's examination of the trading results of the Indian industry as evidenced by the balance sheets of the mills in the West of India is particularly interesting. Its conclusion is that in the case of mills such as those in Bombay and particularly Ahmedabad, which are being financed to a very large extent by loans rather than by subscribed capital, the rates of dividend are no guide to the prosperity of the industry.

In Chapter VIII the Board sums up the various arguments which had been advanced from one side or the other as to the adequacy of the duties which have been in existence since 1931. It commits itself to no opinion but proceeds in the two following chapters to seek a solution of the problem set out in its terms of reference, namely, the determination of the level of duties now

necessary to afford adequate protection to the Indian cotton textile industry against imports from the United Kingdom. Two methods of procedure were suggested to the Board. The delegates representing the Lancashire cotton textile industry produced evidence showing the estimated cost of producing in the United Kingdom typical products of the Indian textile mills for comparison with the selling prices of the Indian products. The Indian manufacturers conversely set before the Board for comparison with the landed cost of United Kingdom goods their calculations of what it would cost the Indian mills to manufacture typical import lines from the United Kingdom. In each case the Board was asked to compare a series of actual prices with a series of hypothetical costings. The Board refused to accept either method and its findings were based on a method of its own. From an examination of a large number of samples the Board succeeded in isolating twenty pairs of comparable samples, one of each pair representing an imported article and the other a product of the Indian mills. It compared the ex-duty landed price of the import with the fair selling price of the Indian product as calculated in accordance with the principles usually adopted by the Tariff Board in the past. The difference between those two figures gave the protective duty which was considered necessary to afford adequate protection to the Indian industry. The results are at first sight inconsistent, but an examination of the figures set out in Appendix VIII to the Report will show that the differences between the c.i.f. prices of the imported sample and the fair selling price of the corresponding mill product group themselves most closely around the arithmetical average of 17.74 per cent. The Board therefore making allowance for a market premium of 2 per cent. in favour of the United Kingdom product, have decided that 20 per cent. is the duty which should now be made applicable. In the case of plain greys the Board is of opinion that the minimum specific duty should be reduced in the same proportion as the alternative *ad valorem* duty, that is to say, it should be reduced from $4\frac{3}{8}$ annas per lb. to $3\frac{1}{2}$ annas per lb. The Board has therefore recommended that in respect of cotton textile fabrics the *ad valorem* duty should be reduced from 25 per cent. to 20 per cent. and in the case of plain greys the minimum specific duty should be reduced in like proportion. To this there is one exception. The Board was not in possession of sufficient evidence to enable it to come to a finding in regard to the duties on printed goods. It has therefore made no recommendation in respect of the duty on prints. In regard to yarns the Board has followed a similar method and has come to the conclusion that the existing duties are adequate. It was also part of the Board's problem to determine the duties now required to protect the Indian cotton industry against imports of artificial silk fabrics and yarns from the United Kingdom. The Board is of opinion that competition in these commodities is

governed entirely by imports from Japan and that it is impossible to come to any opinion as to the nature and degree of competition from imports from the United Kingdom. Finally the Board considers the extent to which the Indian hand-loom industry is affected by imports from the United Kingdom and comes to the conclusion that there is very little direct competition between the products of the Indian industry and imports from the United Kingdom.

Decision of the Government of India.—In Resolution No. 341-T(10)/36 of the 25th June, 1936, the Government of India announced their decision in the following terms :—

“ The Report of the Special Tariff Board which was appointed on 10th September, 1935, to investigate the adequacy of the protective duties applicable to cotton and artificial silk fabrics and to cotton yarns of British manufacture, is published to-day for general information. The Government of India are impressed with the fairness and impartiality with which the Board has approached a most difficult problem and they accept without qualification the findings of the Board, namely—

“ (a) that the duty on plain grey cotton piecegoods should be reduced from 25 per cent. *ad valorem* or $4\frac{3}{4}$ annas per lb., whichever is higher, to 20 per cent. *ad valorem* or $3\frac{1}{2}$ annas per lb., whichever is higher;

“ (b) that the duty on bordered grey, bleached and coloured piecegoods (other than prints) should be reduced to 20 per cent. *ad valorem*; and

“ (c) That the duty on cotton yarns should remain unchanged.

They agree also with the Board that in the absence of evidence as to the nature and extent of competition between imports from the United Kingdom of printed cotton goods and artificial silk manufactures and the products of the Indian cotton mills, no finding as to the adequacy of the existing duties on such imports is possible and they do not propose therefore to disturb the level of these duties.

“ 2. It had been hoped that it would be possible, in accordance with the statement made by the Honourable the Commerce Member in the course of the debate on the 1934 Textile Protection Bill, to give effect to the recommendations of the Board shortly after the expiry of the Mody-Clare Lees Agreement on which the existing duties were based. Unexpected difficulties, however, delayed the submission of the Report and the Government of India have therefore decided to give immediate effect to the recommendations of the Board by a notification under Section 4 (1) of the Indian Tariff Act which issues to-day.

“ 3. In taking the decision outlined above the Government of India have given the fullest consideration to the possible reactions of the reduction of duties on customs revenue and the budgetary position. It has already become clear that with the continuance of the present uncertainty as to the future level of the cotton textile duties, the revenue from imports of British cotton piecegoods must fall far short of the amount included in the current estimates. The interests of the revenue required an early termination of this uncertainty and the Government of India are satisfied not only that the yield of the duties at the present level will not be appreciably less in the current year than it would have been if the former duties had been continued, but also that there is no reason to anticipate that in future years revenue will be deleteriously affected.”

I have dealt with the probable reactions on our trade of this reduction in duty in the general forecast for United Kingdom textiles, which will be found in Chapter IV, pages 132 and 133. From a revenue standpoint the wisdom of the Government of India in taking the first opportunity of proceeding by notification is vindicated by the fact that the duty realisations on imports of United Kingdom cotton textile manufactures for the two months April and May, 1936, fell short by Rs.16 lakhs of the corresponding figure for the previous year. The removal of the feeling of uncertainty should give a fillip to imports, at least temporarily.

II. Enquiry into the Woollen Textile Industry.—On 20th October, 1934, the Government of India issued a resolution in the Commerce Department, No. 9-T(2)/34, which runs as follows :—

“ The Government of India have received representations from certain woollen mills in India requesting that protection may be extended to the woollen industry. In pursuance of paragraph 3 of the Resolution of the Government of India, Department of Commerce, No. 3748, dated the 10th July, 1923, the Government of India have decided that the claims of the industry should be the subject of an enquiry by the Tariff Board.

“ (2) In making its enquiry the Tariff Board will be guided by the principles laid down in the Resolution adopted by the Legislative Assembly on 16th February, 1923, and will consider—

“ (a) whether the conditions laid down in paragraph 97 of the Report of the Indian Fiscal Commission are satisfied in the case of the woollen textile industry in India; and

“ (b) in what form, to what extent and in respect of what articles or class or description of articles protection should be given.

“ (3) The Board will also take into account other relevant considerations including those stated in parts (b) and (c) of the Resolution adopted by the Legislative Assembly on the 16th February, 1923, and, further, will consider how its recommendations, if any, will affect industries using woollen yarn or any other articles made of wool.”

This enquiry was remarkable for the fact that while co-operation was secured from the United Kingdom woollen, worsted and hosiery industries and a considerable number of Indian mills, the British India Corporation (which controls the two largest woollen mills in India representing fully fifty per cent. of the total output of the country) declined, in the interests of their shareholders, to divulge any statistics of output or costs. The Tariff Board refer to this astonishing attitude in the following terms :—

“ Before we pass on to the claim of the Industry to protection it is incumbent on us to examine the effect upon this claim of the abstention from the enquiry of the firm that controls the two largest woollen mills in India, the Cawnpore Woollen Mills and the New Egerton Woollen Mills at Dhariwal. The British India Corporation did not reply to the communiqué issued by the Tariff Board calling upon all firms and persons interested to state their case to the Board. The Mill questionnaire was sent to them as to other mills and in answer to it the document (included among the evidence) was handed in, with a covering letter regretting that the Corporation found it necessary in the interests of their shareholders to refuse to divulge any statistics of costs or output. The documents in question express sympathy with the application of other mills for protection, but assert that they themselves do not require additional protection except against Italy and Japan. This attitude was confirmed by the oral evidence of the representative who was permitted to give evidence before us. It will be clear to everyone that the bare assertion of an industry cannot be accepted as evidence of the need of protection. Otherwise the work of the Tariff Board would be a sinecure. The Corporation must therefore know perfectly well that their refusal to divulge the statistics which are necessary for the examination by the Tariff Board of the claim of the rest of the Industry to protection, can only be interpreted in one way, viz., that they themselves do not require protection. The bare assertion that they cannot compete against Italy and Japan in certain classes of goods would, if they were the only people affected, be ignored. If the interests of the shareholders require the suppression of information which the Tariff Board has always regarded as essential for the determination of a claim to protection, then the interests of the shareholders obviously do not require protection.”

Recommendations of the Tariff Board.—The Board summarized their findings as follows :—

“ 1. We have divided the Mill Industry into two sections—the woollen and the worsted. Taking woollens first, we have proposed the separate classification of woollen blankets in the Customs Schedule. We define a woollen blanket as one containing not less than 25 per cent. wool, and recommend that a specific duty of 4 annas a lb. combined with an *ad valorem* duty of 25 per cent. should be imposed on all woollen blankets. A minimum duty of one rupee per blanket is proposed in order to protect the handloom industry and the lowest class of mill blanket against the importation of very light rugs made of shoddy and mixed materials.

“ 2. In regard to other fabrics we have found that protection is required against shoddy materials from Italy and other countries. We have recommended that shoddy goods should no longer be excluded from the classification of woollen piecegoods and recommend a specific duty of one rupee a lb. with an alternative *ad valorem* duty of 35 per cent. on piecegoods classed as ‘woollens.’

“ 3. In the worsted section of the industry we find that protection is chiefly required against Japanese goods. We recommend that shawls should no longer be treated differently from other piecegoods. We have found that the *ad valorem* duty required to protect the industry against Japan amounts to 77 per cent., a figure far greater than that required against other countries, the currency of which has not depreciated. We therefore suggest that, if it be feasible under the Trade Conventions, the protective duty should be fixed at 40 per cent. and be coupled with an exchange compensation duty, and recommend that authority should be taken to impose this exchange compensation duty against any country on proof of currency depreciation, or similar stimulation of exports. In the case of Japan, the exchange compensation required to-day we find to be 37 per cent. The system of a quota is discussed, and left as an alternative. In view of the present chaotic condition of the world's exchanges, we propose that the protective duties should be imposed in the first instance for three years only, or until 31st March, 1939.

“ 4. We have been unable to recommend the protection of Indian yarns on the grounds that the Indian Mills have been hitherto unable to meet the demand of subsidiary industries, that there is really no independent spinning industry in India which can satisfy the conditions of the Fiscal Commission and that the handloom and small scale industries and the hosiery industry require cheap yarn in order to safeguard their existence.

“ 5. In regard to mixtures while we consider that the Customs or Trade Returns should continue to record the import of mixtures separately, we recommend that mixtures which come under the classification of woollens should be subject to the same specific duty or *ad valorem* duty as pure woollens and that worsted mixtures should be liable to a similar *ad valorem* duty as pure worsted goods.

“ 6. In regard to imports from the United Kingdom we have found that under none of the above categories is protection required for the Indian industry to an extent greater than can be covered by the present revenue duty and that accordingly preferences may be given to imports from the United Kingdom without harm to the interests of the Indian industry. 25 per cent. *ad valorem* duty may therefore be retained on woollen and worsted piecegoods and hosiery and a preference extended to blankets and rugs.

“ 7. We have found that the present revenue duty of 35 per cent. is sufficient to protect the Indian industry, if the duty on yarns be not raised. We recommend that the protective duty be fixed at Re.1-2 a lb. (necessary to cover socks and stockings) and at 35 per cent. *ad valorem*, whichever duty be the higher.

“ 8. In view of the increasing use of staple fibre in the manufacture of mixed materials we have recommended that artificial staple fibre should be admitted like other raw materials free of duty or at the most subject to the duty at present levied on imported cotton.

“ 9. We propose that clearer cloth and sizing flannel should no longer have the reduced preferential duty given to mill stores but should henceforth be included among other woollen imports.

“ Belting yarn should be treated as other yarns.

“ 10. We recommend the prohibition of the export of lamb's wool on the pelt in order to prevent the increasing practice of the slaughter of ewes with young.”

Decision of the Government of India.—In Resolution No. 9-T(7)/35 of the 23rd January, 1936, the Government of India stated their decision as follows:—

“ In the general description of the industry contained in Chapter II of the Report, the Board draws attention to the well-marked differentiation between the woollen and the worsted branches of wool manufacture and, in its analysis of the claim for protection, the Board has dealt with each branch separately though it realised that the two branches were not always mutually independent. With this procedure the Government of India are in full agreement and in the following paragraphs the worsted and woollen branches will be separately considered.

The Worsted Industry.—The claim of the worsted manufacturing industry to protection is discussed in paragraphs 65-73 of the Board's Report. In its consideration of the extent to which this branch of the woollen industry complies with the conditions prescribed by the Indian Fiscal Commission, the Board has pointed out that 'one of the main factors of the first condition laid down by the Fiscal Commission, viz., the existence of an abundant supply of raw material, is not fully satisfied.' India is in fact dependent for the most part on outside sources for the supply of the long fibre wool which constitutes the raw material of industry. If it is true, as the Board says, that for so long a period as can be foreseen, worsted manufacture will be mainly dependent on foreign supplies—and there appears no reason to contest this statement—the Government of India are of opinion that the worsted branch of the industry, already handicapped by the comparative smallness of its home market, completely fails to satisfy the first and most important condition precedent to the grant of protection. The claim for protection must therefore also fail.

The Woollen Industry.—The Government of India notice with regret that a very important section of the woollen branch, as represented by the Cawnpore and New Egerton Woollen Mills, has not found it possible to place before the Tariff Board any evidence as to the nature and degree of the competition which it experiences from imports from abroad or as to the costs of manufacture in India. They are in accord with the Tariff Board in considering that the bare assertion of an industry cannot be accepted as evidence of the need for protection. They differ from the Board, however, in regard to its opinion that the case for protection, in general, and the estimation of the quantum of protection, in particular, can be properly determined in the absence of evidence from a section of the industry representing at least 50 per cent. of its production. Whatever may be the natural advantages of the woollen industry, the suppression of all facts relating to the comparative efficiency of its most important units precludes any findings in regard to the fulfilment of the second and third conditions of the Fiscal Commission and, equally vitiates any calculation of the degree of the protection necessary in order to equate import prices to the fair selling prices of the average efficient mill. The Government of India have, therefore, reluctantly decided that on the evidence which has been produced it cannot be held that a claim for the protection of the woollen branch of the industry has been established. They realise, however, that the defects in the case for protection are not necessarily irremediable and they propose to refer it back to the Tariff Board in order that those interests which have not

yet thought fit to give evidence may have another opportunity to substantiate a case which would otherwise go by default.

“ Although they have felt compelled to reject, for the time being at least, the claim of the woollen mills the Government of India are impressed with the recommendations of the Tariff Board in regard to the handloom and small scale industry. They agree with the Board in believing that the cottage industry will derive more benefit from technical advice and assistance in marketing arrangements than by the imposition of protective duties which in themselves provide no incentive towards the improvement without which the continued survival of the small scale industry is problematical. The Government of India have therefore decided, subject to the vote of the Legislative Assembly, to make a grant of Rs.5,00,000 spread over five years for the benefit of the cottage and small scale woollen industries. They intend that this grant should be administered in the same manner as the similar grant for the silk industry and applied for the benefit of those Provinces in which there is a substantial cottage and small scale woollen industry.

“ In regard to the woollen hosiery industry, the Government of India do not propose to take any decision pending a consideration of the further report of the Tariff Board on the claims of the main woollen industry. The recommendations of the Board in respect of cotton hosiery and staple fibre are not germane to the main enquiry. They will be the subject of separate consideration and the conclusions of Government thereon will be announced in due course.”

The enquiry therefore leaves both the woollen and worsted industries exposed to the very severe competition of Japan and Italy, particularly the former. Although the Government of India deliberately gave another opportunity to the British India Corporation to substantiate a case which would otherwise go by default, advantage has not been taken of this offer. From the point of view of the United Kingdom industries, whose interests in the Indian market *vis-à-vis* Japanese competition are identical with those of the Indian mills, this attitude of the Cawnpore group is particularly unfortunate.

III. Enquiry into the Glass Industry.—It will be remembered that the Tariff Board during 1931 and 1932 conducted an extensive investigation into the claim for protection of the Indian glass industry and presented their report in March, 1932. It was not, however, until the 22nd June, 1935, that the Government of India, in Commerce Resolution 458-T (14), published their decisions and also released the Board's report. The decisions were as follows :—

“ In response to the representations of certain glass manufacturers in India the Government of India in their Resolution in the Department of Commerce No. 458-T (2), dated

the 20th October, 1931, referred to the Tariff Board for examination the claim of the indigenous Glass Industry for protection. The terms of reference directed that the Tariff Board should be guided by the principles laid down in the Resolution adopted by the Legislative Assembly on 16th February, 1923, and that it should consider

“ (1) Whether the conditions laid down in the Report of the Indian Fiscal Commission were satisfied in the case of the Industry and to what extent, if any, and in respect of what articles or class or description of articles protection should be afforded ;

“ (2) In what form and for what period protection, if any, should be given ; and

“ (3) How its recommendations, if any, would affect other industries.

“ The Report of the Tariff Board, which is published to-day for general information, shows that the Glass Industry has a wide geographical distribution in India and that there are as marked differences in the nature of its products and in the methods of their manufacture as in its location. But whatever differences may exist in these respects, the Report makes it clear that all branches of the industry have a common need for the same raw materials. In Chapter II of its Report the Board, in accordance with its terms of reference, has investigated the natural advantages possessed by the industry with a view to determining whether it satisfies the first condition prescribed by the Indian Fiscal Commission and in particular it has examined the resources of the industry in respect of raw materials. Of these by far the two most important are silica and soda ash, and while the Board is of opinion that ample supplies of the former in the form of sand of sufficiently good quality are available, it has found that satisfactory sources of soda ash are not yet in existence in India and that the industry is dependent on imported supplies. The Board does not, however, consider that this fact in itself invalidates the claim for protection and it finds that the first of the conditions prescribed by the Fiscal Commission is satisfied.

“ The Government of India regret that they are unable to accept this finding. They are of the opinion that the absence of indigenous supplies of a raw material which in the United Provinces, where the Glass Industry is to a great extent concentrated, represents 70-75 per cent. of the total cost of materials and which even at ports of entry represents

30-45 per cent. of that cost, constitutes a disadvantage to the industry which cannot possibly be balanced by any advantages which it possesses in other respects. The Government of India are unable to distinguish the present case from that of the manufacture of electric wires and cables in which the Tariff Board itself held that the absence of indigenous supplies of copper was a fatal obstacle to the grant of protection.

“ At the time when its Report was written, however, the Tariff Board expressed the opinion that supplies of soda ash would in the immediate future be available in this country. The Government of India were therefore reluctant to reject the claim of the industry for protection until it had been ascertained whether or not the anticipations of the Board were likely to be fulfilled. Enquiry has, however, shown that the Board was unduly optimistic and that no adequate source of Indian soda ash has yet been developed. It is possible, however, that a fresh source of supply may be available within the next few years at Khewra and the Government of India do not propose to take a final decision on the claim for protection until the possibilities of this new source have been more fully explored.

“ There are a number of other matters in respect of which the Government of India are unable to accept the Tariff Board's conclusions, but as they do not propose to take a final decision at present, it is unnecessary to discuss these now. In the meantime, until such final decision can be taken, the Government of India have decided to afford the glass manufacturing industry a certain measure of relief by way of rebate of the duty on imported soda ash. The proposed procedure for granting this rebate is as follows :—

“ When a Collector of Customs is satisfied that any consignment or part of a consignment of soda ash imported at his port has been supplied, after the date of this Resolution, to a glass manufacturer for use, within a reasonable period, in the manufacture of glass, he will on the request of the importer pay to the glass manufacturer a refund of the entire duty in the case of soda ash of British or colonial origin and of the excess over 10 per cent. *ad valorem* in the case of other soda ash. The refund will be paid by cheque to the manufacturer or his authorized agent.

“ This concession will continue for three years at the end of which period, if it appears that a *prima facie* case for protection then exists, a further reference will be made to the Tariff Board.”

IV. Enquiry into the case for the rectification of Tariff Inequality in respect of Carbon Blocks imported for the manufacture of Carbon Brushes used in the electrical industry.

In 1934, the Indian Tariff Board had investigated the claim of the British India Electric Construction Co., Ltd., Calcutta, for a reduction of the duty on imported carbon blocks in order to remove the disability suffered by the manufacturer of carbon brushes. They had recommended that the duty should be reduced from 25 to 20 per cent. *ad valorem*. It was not, however, until the 23rd March, 1935, that the Government of India, in Commerce Resolution No. 38-T (10) stated that :—

“ The Government of India agree with the Tariff Board’s finding that a tariff inequality exists in respect of carbon blocks imported for the manufacture of carbon brushes in India and accept its recommendation that this should be removed by reducing the duty on carbon blocks such as are ordinarily used for the manufacture of carbon brushes for electrical motors and generators from 25 per cent. to 15 per cent. *ad valorem*. They consider it unnecessary to undertake legislation specially for this purpose and propose, therefore, to effect a reduction of duty by Notification under section 23 of the Sea Customs Act. Before issuing the Notification, however, the Government of India consider it desirable to give the Indian Legislature an opportunity to discuss the subject and they will accordingly place a Resolution before both Houses proposing that the recommendation of the Tariff Board in respect of the manufacture of carbon brushes be accepted at the first available opportunity.”

The import duty on carbon blocks is still 15 per cent. *ad valorem*.

V. Enquiry into the case for the rectification of the Tariff Inequality in respect of Healds and Reeds.

This enquiry was also undertaken by the Tariff Board in 1934, but was not dealt with until the 23rd March, 1935, when the Government of India in Commerce Resolution 38-T (10) rejected the Board’s recommendations in the following terms :—

“ In respect of healds, the Government of India are not convinced that any tariff inequality exists. The calculations of the Tariff Board are based on the assumption that imported yarn is used for the manufacture of healds, but from the evidence led by two of the applicant companies it appears that suitable yarn can be supplied by Indian mills, on which, though it is manufactured from imported cotton, the incidence of duty charges is considerably lower than that on imported yarn. The representations of the firms interested in the manufacture of healds appear to the Government of India

to be directed not so much towards the removal of a tariff inequality as to secure a measure of substantive protection. The claim of the industry to the grant of substantive protection was not an issue which came under the consideration of the Tariff Board, and the Government of India are unable to offer any opinion as to whether such a claim has been established. On the evidence before them, however, they find it impossible to accept the Tariff Board's recommendation that the duty on healds should be raised from 10 per cent. to 15 per cent. *ad valorem*.

“ Similarly in the case of reeds, the Government of India are of opinion that the representations of the concerned industries constitute a claim for substantive protection, and failing the establishment of the validity of such claim after the usual enquiry by the Tariff Board, the Government of India are unable to accept the recommendation for an increase in the customs duty on imported reeds.”

VI. Enquiry into the case for the rectification of Tariff Inequality in respect of the manufacture of Shuttles.

In this case, the Tariff Board rejected the application, but in view of the fact that the Board held that, should Japanese competition materialise, the case for tariff inequality would be clearly established, the relevant section of their report is quoted as follows :—

“ Mr. H. M. Patel and some friends have raised Rs.40,000 to establish a factory for the manufacture of shuttles for cotton power looms. They have spent about Rs.20,000 on the purchase and installation of some machines which have a capacity of about 300 gross of shuttles per annum and employ about 12 men. The average consumption of imported shuttles in India is stated by Mr. Patel to be in the neighbourhood of 10,000 gross. The import figures which do not give the numbers show a valuation of from Rs.6 to Rs.8 lakhs and the estimate of consumption is therefore probably excessive. Six thousand gross is perhaps nearer the mark. The prices of imported shuttles as given by the applicant (excluding Japanese to which we will refer later) average about 192 shillings per gross c.i.f. Bombay (say Rs.10—10 per dozen). These prices are considerably less than the prices quoted by Messrs. Nowrojee Wadia and Sons and Mr. Patel has explained that Messrs. Wadia's prices relate to a superior shuttle which is not used by more than about 10 per cent. of the consumers. Although this favours Mr. Patel's case, in spite of this we accept for the purpose of this enquiry his own quotations as representing the prices of the shuttles which compete with his own manufactures. The duty paid at 10 per cent. on a gross of shuttles priced at 192 shillings would be 19.2 shillings.

" The manufacturers import all the materials required. A list of the Indian woods which the Forest Research Institute consider suitable for experiment has been supplied to the manufacturers and a number of these have already been tried. Hitherto none has proved satisfactory. Mr. Patel has therefore been compelled to import blocks of cornel wood which is the wood almost universally used for the manufacture of shuttles up to a maximum of about 15 ins. in length. Larger shuttles such as those required in woollen and jute mills are commonly manufactured of persimmon wood. These have not yet been made in India. It is possible that Indian woods may be found suitable for the manufacture of the throw shuttles used in handlooms even if the woods cannot be used for power shuttles. Handloom shuttles are at present commonly made locally, but their manufacture on a large scale has at present not been undertaken in India. Mr. Patel reports that the large scale industry cannot compete with the cheaper Japanese article which is being imported in increasing numbers.

" The present enquiry, therefore, deals chiefly with the power loom shuttles. The following list gives the prices of the materials imported for the manufacture of one gross of shuttles :—

	s.	d.
(1) Wood blocks.—Average cost after taking into account 15 per cent. wastage in manufacture per gross	...	54 0
(2) Tips.—2 gross per gross of shuttles	...	11 0
(3) Tongues.—Per gross	...	26 0
(4) Other fittings, e.g., eyes, clips, springs, etc., per gross of shuttles	...	11 6

" The duty on the wood blocks at 25 per cent. amounts to 13.5 shillings, the duty on the other fittings at 10 per cent. to 4.85 shillings, a total of 18.35 shillings (a little over Rs.12). It will be seen that the duty payable on the British imported shuttle is somewhat higher than that payable on the materials required for its manufacture in India. The prices of the shuttles imported from all countries other than Japan are equal to or slightly higher than the prices of the British article. The claim, therefore, that the import duty on the finished article is lower than the duty on the materials has not been substantiated except in the case of the Japanese.

" Coming to the Japanese imports we find that the import of Japanese shuttles has increased in value from less than Rs.2,000 in 1929-30 to over Rs.50,000 in 1933-4. This increase is partly due to trial orders for Japanese shuttles for power looms, the prices of which are very low and attractive, the most recent imports being as low as from Rs.6 to Rs.8 per

dozen (ex-godown). The evidence given to us by various mills which have experimented with these shuttles is that they are not satisfactory, their life in a power loom being very short. There appears therefore at present to be very little prospect of the Japanese power shuttle competing successfully with other shuttles made of a tougher wood. The increase in imports is undoubtedly due chiefly to the use of the cheap Japanese handloom shuttle, the most recent c.i.f. prices of which are about Rs.3.12 per dozen. As we have already stated, the Indian industry does not compete with these. Until, therefore, evidence is forthcoming that the Japanese power loom shuttle has improved and can compete with the other imported shuttles, we see no reason for adopting Japanese prices as the basis for computing the relative incidence of duty. But experience in other industries of Japanese methods indicates that we may expect the imports even of power loom shuttles to increase, and the very low prices may tempt more mills to try them. Whether they will succeed in establishing themselves in the Indian market must ultimately depend, as we have said, on improvement in the manufacture. Meanwhile the small Indian industry is turning out a better article and is obtaining prices for the present considerably greater than those of the Japanese, viz., Rs.10—8 per dozen for the small size and up to Rs.11—8 for the larger. They are paying duty on the raw materials of about Rs.12 per gross of shuttles, while the Japanese imported power loom shuttles pay a duty which may amount to from Rs.6 to Rs.8 per gross. The competition is at present not much more than a fear of the future. But we recommend that the situation should be watched. Should the fear of Japanese competition materialize, Japanese prices would become relevant and the case for tariff inequality would be clearly established."

VII.—Enquiry into the classification of Paper for Tariff Purposes.

By Resolution 202-T(1)/35 of the 25th May, 1935, the Tariff Board were directed to enquire into the question of the classification of paper for tariff purposes with a view to giving effect to the intentions of the Legislature in granting protection to printing and writing papers under the Bamboo Paper Industry (Protection) Act, 1932.

On the 23rd May, 1936, the Government of India, in Resolution 202-T(3)/35, announced their decisions as follows :—

"In the course of its enquiry the Board has examined the practicability of a broad scheme of classification suggested by the Government of India, the central idea of which was the specification of non-protected papers and the grouping of all

others in a residual protective class. In the opinion of the Board, it is impossible to compile an exhaustive list of papers which cannot economically be produced in India or which are not in competition with Indian products. The Board has, therefore, directed its attention towards making recommendations, the acceptance of which, while leaving the existing tariff substantially unaltered, will yet ensure that full effect be given to the intentions of the Legislature when it accepted the Paper Protection Bill of 1932. The Board's recommendations for amendment of the Tariff are set out in the model schedule contained in paragraph 18 of the Report. The most important recommendation relates to the tariff treatment of Glazed hard sized buff or "badami" mechanical paper which has hitherto been treated as printing paper and by virtue of its high content of mechanical wood pulp has escaped the protective duty. The Board finds that this "badami" paper is now imported for use mainly as writing paper and has recommended that it should be treated accordingly and, like all other writing papers, subjected to the protective duty. The other recommendations for the most part represent, with slight modifications, existing assessment practice.

" The Government of India accept the recommendations of the Board generally but consider that such of them as require to be given effect to by legislation, viz., the recommendations in respect of envelopes and coated papers, are not so important as to justify the introduction of a Bill specially for that purpose. They propose, however, to place proposals to implement them before the Legislature when a convenient opportunity presents itself. To give effect to the other recommendations of the Board, the Government of India have issued to-day the executive instructions for the guidance of Customs Officers which are set out as an appendix to this Resolution.

" The foregoing decision involves a not inconsiderable extension of the range of protection now enjoyed by the Indian paper-making industry and the Government of India are of opinion that it affords an appropriate opportunity for reviewing the necessity or desirability of maintaining the extra measure of protection which was fortuitously afforded to the paper industry, as to other protected industries, by the imposition of the revenue surcharge of 25 per cent. in 1931. With the exception of the match industry where the original protective duty had already been completely effective in excluding competitive imports, the paper industry is the only protected industry which still enjoys this fortuitous advantage. The Government of India propose therefore to undertake forthwith a departmental enquiry as to whether the continuance of the surcharge on the paper protective duties is any longer justifiable.

APPENDIX.

“ As a result of the report of the Indian Tariff Board on the classification of paper for tariff purposes the Government of India have decided that the following types of paper shall be classified as follows :—

“ (1) As writing paper—Hard sized duplicator paper, hard sized white and buff or badami mechanical paper.

“ (2) As printing paper—Unglazed thin news coloured (other than deep blue) of substance above 10 lb. demy, unglazed thin news white, buff or badami of substance above $7\frac{1}{2}$ lb. demy, cover paper including machine glazed pressings and wrappings over 24 lb. demy and cartridge paper below 24 lb. demy, soft sized duplicator paper, soft sized white and buff or badami mechanical paper of substance above $7\frac{1}{2}$ lb. demy.

“ 2. Buff and badami papers mean papers in the manufacture of which no dyes or pigments have been added.”

CHAPTER IV

DETAILED EXAMINATION OF THE LEADING IMPORT TRADES WITH SPECIAL REFERENCE TO CHANGES IN THE CHARACTER, VOLUME AND ORIGIN OF THE IMPORTS DURING THE FISCAL YEAR 1st APRIL, 1935, TO 31st MARCH, 1936.

Note.—Unless otherwise stated, the statistics in this Section are drawn from the publications of the Department of Statistics, Government of India, and relate to imports on private account only. Since all Indian statistics are now given in rupees and not in sterling, and in view of the labour which would be involved in converting into sterling, the lakh of rupees (Rs.100,000 or £7,500 at 1s. 6d. exchange) has been taken as the usual unit. It is fully realised that this is not, from the point of view of the reader in the United Kingdom, so convenient a unit as the £ sterling.

MANUFACTURED AND MAINLY MANUFACTURED GOODS.

Cotton Textiles.—Yarns.—The year has witnessed a notable expansion both in the imports of yarns and also in the production of Indian mills. A prominent feature has been the very low price at which Chinese and Japanese 40's yarn have been sold. At one time the price of these spinnings fell to 9½ annas per pound.

The following table gives the imports of grey yarns arranged according to counts :—

<i>Counts.</i>				<i>1934-5.</i>	<i>1935-6.</i>
				<i>lbs.</i>	<i>lbs.</i>
Nos.	1 to 20	...	...	193,513	39,934
„	21 to 30	...	...	943,325	1,088,431
„	31 to 40	...	...	7,120,612	12,527,713
„	41 to 50	...	...	366,471	606,409
Above 50's				6,906,058	6,881,254
Two-folds				5,941,592	8,013,652
Total Imports (grey)				21,471,571	29,157,393

In the range of 1's to 20's, the United Kingdom supplied 26,990 lb. Imports from China fell to zero and those from Japan were reduced to 7,744 lb. Imports of 21's to 30's were drawn from the United Kingdom (650,585 lb.) and Japan (430,310 lb.). In the range from 31's to 40's (which are mainly 32's and 40's), imports from the United Kingdom rose from 740,014 to 1,261,627 lb., China from 5,021,600 to 6,290,847 lb. and Japan from 1,358,142 to 4,975,239 lb. Numbers from 41's to 50's were drawn from Japan (363,300 lb.) and the United Kingdom (243,109 lb.). The higher counts above 50's were obtained from the United Kingdom (3,783,779 lb.), China (2,554,400 lb.) and Japan (543,075 lb.).

The incursion of mills in China into the trade in counts of 40's and upwards is a recent significant development. As regards two-folds, the principal trade was in 26's to 50's totalling 5,629,950 lb. Of this the United Kingdom supplied only 159,504 lb., China sent 3,150,105 lb. and Japan 2,313,605 lb. Two-fold 51's to 80's were drawn from the United Kingdom (51,165 lb.), China (1,423,885 lb.) and Japan (613,591 lb.). The small imports of two-folds above 80's were drawn from the United Kingdom (201,547 lb.) and Japan (90,200 lb.).

The next table sets forth the details of the imports of bleached yarns :—

<i>Counts.</i>				<i>1934-5.</i>	<i>1935-6.</i>
				<i>lbs.</i>	<i>lbs.</i>
Nos. 1 to 30	...	...	...	57,933	154,535
„ 31 to 40	...	...	...	555,720	705,164
„ 41 to 50	...	...	...	23,482	25,207
Above 50's	...	...	...	854,507	863,223
Two-folds	...	...	...	2,078,284	1,667,433
Total Imports (bleached)				3,569,926	3,415,562

The United Kingdom supplied practically the whole of the imports of bleached single yarns. In two-folds, however, imports below 25's were negligible. In 26's to 50's a total trade of 1,581,056 lb. was divided between the United Kingdom (569,150 lb.), Japan (992,258 lb.) and "other countries" (19,648 lb.). In 51's to 80's, the total imports of 61,759 lb. were drawn from the United Kingdom (24,859 lb.) and Japan (36,900 lb.). Imports of two-folds finer than 80's only amounted to 6,264 lb. This growing Japanese competition in bleached two-fold yarns is a recent development.

Coloured yarns were imported as follows :—

<i>Counts.</i>				<i>1934-5.</i>	<i>1935-6.</i>
				<i>lbs.</i>	<i>lbs.</i>
Nos. 1 to 30	...	...	...	450,961	290,161
„ 31 to 40	...	...	...	310,124	301,727
„ 41 to 50	...	...	...	27,221	9,747
Above 50's	...	...	...	147,632	213,018
Two-folds	...	...	...	334,825	251,879
Total Imports (Coloured)				1,270,763	1,066,532

The United Kingdom supplied practically all the coloured yarns with the exception of 10,450 lb. of 1's to 30's, 28,820 lb. of 31's to 40's, 9,200 lb. of counts above 50's and 17,765 lb. of two-folds 26's to 50's, the origin of which is not stated.

Imports of single mercerised yarns, all of which were above 50's, amounted to 110,673 lb., of which 109,265 lb. were drawn from Japan. As regards two-fold mercerised spinnings, the total trade

again rose from 7,595,587 to 10,798,520 lb. Japan enjoyed practically the whole of this trade, which is mainly in counts above 50's.

The sources of supply of yarns of all kinds were as follows:—

Principal Countries of Consignment.	1934-5.		1935-6.	
	lbs.	Rs. (lakhs)	lbs.	Rs. (lakhs)
United Kingdom	9,792,311	1.00	9,767,035	97
China (including Hongkong) ...	12,767,925	92	13,419,237	94
Japan	11,339,411	1.16	21,307,289	1.79
Other Countries	122,203	1	76,756	1
Total	34,021,850	3.09	44,570,317	3.71

Indian Yarn Production.—The imports of cotton yarns are negligible when compared with the large and growing production of Indian Mills.

Annual average for 1909-10 to 1934-5	Imports in lbs. (1,000)	Indian Mills Production in lbs. (1,000)
1913-4 (pre-War year) ...	41,794	646,757
1929-30	44,171	682,777
1933-4	43,882	833,560
1934-5	32,055	921,061
1935-6	34,022	1,000,756
	44,570	1,058,297

The next table compares by counts the quantities of imported cotton twist and yarn with the quantities produced in Indian Mills: it will be remarked that the total increase of nearly 58 million lb. weight has been fairly spread over the various counts. The only reduction is a slight one in the case of 26's to 30's. The expansion in spinnings of 40's and upwards proceeds steadily and accounts for the recent heavy imports of Egyptian, East African and American types of raw cotton.

	1913-4 (pre-War year)		1929-30.		1933-4.		1934-5.		1935-6.	
	Imports.	Production.	Imports.	Production.	Imports.	Production.	Imports.	Production.	Imports.	Production.
	lbs. (1,000)	lbs. (1,000)	lbs. (1,000)	lbs. (1,000)	lbs. (1,000)	lbs. (1,000)	lbs. (1,000)	lbs. (1,000)	lbs. (1,000)	lbs. (1,000)
Cotton twist and yarn—										
Nos. 1 to 20 ...	1,254	492,693	1,047	493,382	327	547,430	410	573,156	182	594,073
" 21 to 25 ...	896	123,995	290	181,245	207	139,331	281	151,630	174	161,585
" 26 to 30 ...	3,686	42,999	395	90,579	581	115,496	956	130,711	1,216	126,029
" 31 to 40 ...	23,657	19,712	20,050	46,365	14,218	75,810	7,980	95,529	13,535	112,026
Above No. 40 ...	7,859	2,699	9,013	15,279	5,709	37,359	8,402	43,877	8,710	58,528
Two-folds (doubles) ...	—	—	13,053	—	10,969	—	15,950	—	20,731	—
Unspecified descriptions and waste ...	6,819(a)	679	34	6,710	44	5,635	34	5,853	22	6,056
Total ...	44,171	682,777	43,382	833,560	32,055	921,061	34,013	1,000,756	44,570	1,058,297

(a) Includes white twist and yarn which commenced to be shown separately by counts from April 1927.

The Bombay Millowners' Association in their Report for 1935 state that :—

“ The yarn markets have more or less followed cotton. Off-take has, however, not been satisfactory. By the middle of February, the prices of 10's and 20's had risen from 6 annas to 8 annas at the beginning of the year to $6\frac{1}{2}$ annas and $8\frac{1}{2}$ annas. With the fall in cotton, prices touched $5\frac{1}{2}$ annas and $7\frac{1}{2}$ annas at the end of March. With steadiness in cotton, prices hardened again, and remained steady round 6 annas and 8 annas during May, June and July. With the decline in cotton that set in in August, prices declined again a quarter of an anna to regain the loss by the beginning of October owing to steadiness in cotton. The uneasiness in the cotton market in December was reflected in yarns and the year closed with 10's and 20's quoted respectively at $5\frac{3}{4}$ annas and $7\frac{3}{4}$ annas with some sales of 20's reported at as low as $7\frac{1}{2}$ annas.”

“ The year that has just closed has thus brought no prosperity to the textile industry of India. The future, however, is not without an element of hope. The efficiency measures and other reforms which have been introduced in the mills and the improved relations which have been established between employers and workers in the City and Island of Bombay should have beneficial results during the next few years. Undue optimism would, however, be out of place in view of the many dangerous political situations with which the world is confronted.”

Piecegoods.—The following table shows the quantities of the three main classes of piecegoods imported during the last pre-War year, the last pre-depression year, and during the past five years :—

Year.	Grey (unbleached).	White (bleached).	Coloured, printed or dyed.
(All in million yards)			
1913-4	1,534.2	793.3	831.8
1929-30	925.5	473.6	483.5
1931-2	249.4	279.7	223.2
1932-3	356.0	412.7	424.8
1933-4	230.1	261.9	268.7
1934-5	297.4	285.2	361.0
1935-6	331.9	263.3	351.2

The next statement gives the values in the same years :—

Year.	Grey (unbleached).	White (bleached).	Coloured, printed or dyed.
	£	£	£
*1913-4	16,966,515	9,523,204	11,907,683
†1929-30	15,694,355	9,956,641	11,359,972
†1930-1	5,150,163	4,653,855	5,113,835
†1931-2	2,943,303	3,994,276	3,789,625
†1932-3	3,804,960	5,494,106	6,255,902
†1933-4	2,293,343	3,549,364	3,940,681
†1934-5	3,023,721	4,099,275	5,573,667
†1935-6	3,254,701	3,734,185	4,843,241

* At exchange of 1s. 4d.

† At exchange of 1s. 6d.

The considerable increase in total yardage in 1934-5 was barely maintained in the year under review, the material advance in arrivals from Japan being offset by heavy reductions in shipments from the United Kingdom under each heading. Notwithstanding an encouraging revival in exports from India and some improvement in agricultural prices, the consuming capacity of the Indian people is still so low that purchases are confined to the barest necessities; Japanese goods, by reason of their cheapness, still have an irresistible appeal.

The following table gives the declared value per yard, in rupees, annas and pies, of the three main classes of goods over a period of years :—

Cotton piecegoods.	1913-4.	1931-2.	1932-3.	1933-4.	1934-5.	1935-6.
	R. A. P.	R. A. P.	R. A. P.	R. A. P.	R. A. P.	R. A. P.
Grey (unbleached)	0 2 8	0 2 6	0 2 3	0 2 2	0 2 2	0 2 1
White (bleached)	0 2 11	0 3 1	0 2 10	0 2 11	0 3 1	0 3 0
Coloured, printed or dyed ...	0 3 5	0 3 8	0 3 2	0 3 2	0 3 4	0 2 11

It will be remarked that, owing to the preponderance of Japanese goods, there has not only been a noteworthy fall in declared values during the past year but that the general level of prices of imported goods is actually below the rates ruling in 1913-4. Only in the case of bleached goods, which are mainly of United Kingdom origin, are prices higher than in the last pre-War year.

Varieties of Piecegoods imported.

Grey (unbleached)	1913-4 (pre-War year).	1932-3.	1933-4.	1934-5.	1935-6.
(All in million yards.)					
Dhooties, saris and scarves...	806.1	138.8	90.3	113.9	119.4
Jaconets, madapollams, mulls, etc. ...	150.4	26.8	22.1	24.0	19.6
Longcloth and shirtings ...	545.4	182.8	112.8	155.3	188.3
Sheetings ...	0.2	5.1	2.2	2.4	0.9
Drills and jeans ...	21.3	1.3	1.6	.7	1.7
Other sorts ...	10.8	1.2	1.2	1.1	2.0
Total ...	1,534.2	356.0	230.2	297.4	331.9

The increase is entirely due to larger Japanese shipments of both plain and bordered grey goods in order to complete the permissible quota. The increased quantities of bordered dhooties imported is accounted for by heavier Japanese shipments. These synchronised

with an increased production of nearly 111 million yards by the Indian mills. Longcloth and shirtings are a Japanese trade and, in this case, Indian production fell by 18 million yards. In the case of grey jaconets, madapollams, mulls, etc. the United Kingdom still supplies the whole demand and the reduction has fallen on the Lancashire shipper. A few U.S.A. drills and jeans still enter the country.

White (bleached).	1913-4 (pre-War year).	1932-3.	1933-4.	1934-5.	1935-6.
	(All in million yards.)				
Dhooties, saris and scarves	104.3	3.6	6.5	8.7	4.9
Jaconets, madapollams, mulls, etc.	307.9	229.2	137.8	169.1	147.1
Longcloth and shirtings ...	115.3	109.7	75.8	65.4	71.8
Nainsooks	204.7	30.9	17.5	13.3	8.4
Drills and jeans	5.7	4.4	5.3	3.3	3.8
Checks, spots and stripes ...	16.1	7.9	4.4	4.8	4.5
Twills	8.3	11.4	7.0	6.5	9.6
Other sorts	31.0	15.6	7.6	14.1	13.2
Total	793.3	412.7	261.9	285.2	263.3

Lancashire still supplies virtually all the bleached dhooties, saris and scarves. In white mulls, however, which are still a preserve of the United Kingdom, Japan sent 7,843,410 yards valued at over Rs.11 lakhs in 1934-5. Japan now competes severely in white shirtings and even the oldest, standard United Kingdom qualities in the Delhi and Amritsar markets are being attacked. The United Kingdom still holds the trade in bleached lawns, checks, spots and stripes, jaconets and cambrics and twills, but is meeting Japanese competition in nainsooks for the Calcutta market.

Coloured, printed or dyed.	1913-4 (pre-War year).	1932-3.	1933-4.	1934-5.	1935-6.
	(All in million yards.)				
Dhooties, saris and scarves...	115.2	18.2	18.0	25.4	19.3
Cambrics, etc.	113.6	40.6	34.2	50.9	41.5
Shirtings	152.6	115.6	59.6	85.4	92.6
Prints and chintz	209.7	50.5	23.7	28.0	18.6
Drills and jeans	30.0	71.4	53.7	53.1	70.7
Checks, spots and stripes ...	19.7	12.8	13.0	15.6	23.4
Twills	31.4	22.6	14.9	18.0	14.3
Other sorts	159.6	93.1	51.6	84.7	71.1
Total	831.8	424.8	268.7	361.1	351.5

The only items which have improved are printed shirtings, drills and jeans, which have been mainly supplied by Japan. While the United Kingdom has borne a heavy decline under each head, Japanese shipments have advanced by 49 million yards of prints, 2 million yards of dyed goods and one million yards of woven coloured goods.

Sources of Imports.

(1) Plain Grey Goods.

Countries of Consignment.	1934-5.		1935-6.	
	Yards.	Rs. (lakhs).	Yards.	Rs. (lakhs).
United Kingdom ...	25,071,575	33	22,382,219	29
Japan ...	152,212,154	1,96	189,532,048	2,36
Other Countries ...	827,017	1	383,211	1
Total ...	178,110,746	2,30	212,297,478	2,66

Eighty per cent of the Lancashire contribution of plain grey cloths now consists of fine grey jaconets and mulls for the Madras and Bombay markets, in which there is no competition. Apart from these goods and some 2 million yards of fine grey shirtings, the whole plain grey trade is in the hands of Japan.

(2) *Bordered Grey Goods.*—The great trade in United Kingdom bordered dhooties which, as recently as 1929-30, amounted to over 443 million yards valued at over Rs.10 crores has shrunk to 63 million yards valued at Rs.1 crore in face of the remarkable advance of Indian mill production. Japanese shipments in 1935-6 amounted to 56½ million yards valued at Rs.64 lakhs. The total imports were :—

Countries of Consignment.	1934-5.		1935-6.	
	Yards.	Rs. (lakhs)	Yards.	Rs. (lakhs).
United Kingdom ...	77,646,880	1,25	63,052,433	1,04
Japan ...	41,540,902	47	56,532,822	64
Other Countries ...	71,168	—	—	—
Total ...	119,258,950	1,72	119,585,255	1,68

(3) *Bleached Goods.*

Countries of Consignment.	1934-5.		1935-6.	
	Yards.	Rs. (lakhs).	Yards.	Rs. (lakhs).
United Kingdom ...	236,607,80.2	4,52	198,987,679	3,90
Netherlands ...	2,009,24.6	5	1,463,790	4
Switzerland ...	4,683,25.3	17	3,500,598	15
Japan ...	4,026,197.4	64	58,254,294	84
Other Countries ...	1,780,80.0	8	1,100,556	5
Total ...	285,243,07.5	5,46	263,306,917	4,98

Even in bleached goods, the last stronghold of the Lancashire trade, the combined effects of diminished purchasing power, Indian mill production and Japanese competition have reduced United Kingdom shipments from 52.5 million yards valued at over Rs.1,400 lakhs in 1928-9. Detailed figures for 1935-6 are not yet available but in 1934-5 the trade in white mulls was divided between the United Kingdom (136,270,992 yards) and Japan (7,843,410 yards). Even in the finer nainsooks, Japan supplied 3,011,548 yards as compared with 10,178,905 yards from the United Kingdom. In the case of white shirtings and longcloths the United Kingdom shipped 39 million yards against 24 million yards from Japan. It is evident that Japanese competition would have been even more intense but for the fact that her shipments are limited, with certain tolerances, to 8 per cent. of a maximum piecegoods quota of 400 million yards.

(4) *Printed Goods.*

Countries of Consignment.	1934-5.		1935-6.	
	Yards.	Rs. (lakhs).	Yards.	Rs. (lakhs).
United Kingdom ...	97,054,548	2,09	67,637,818	1,51
Italy ...	5,214,24	1	1,398	—
Japan ...	101,657,000	1,37	150,257,077	1,81
Other Countries ...	4,847,25	1	198,193	—
Total ...	199,717,695	3,48	218,094,486	3,32

The United Kingdom still supplies practically all the printed cambrics, checks, spots and stripes, saris and scarves and sateens but Japan sends 80 per cent. of the printed drills and jeans, 62 per

cent. of the printed shirtings, 46 per cent. of the lungis, 16 per cent. of the prints and chintz and 74 per cent. of the flannelettes. The Japanese shipments of all coloured goods are up to the maximum tolerances allowed under the quota.

(5) *Dyed Goods.*

Countries of Consignment.	1934-5.		1935-6.	
	Yards.	Rs. (lakhs).	Yards.	Rs. (lakhs).
United Kingdom ...	102,246,993	2,52	78,554,986	1,98
Netherlands ...	171,543	(a)	253,927	1
Switzerland ...	2,986,104	11	2,236,426	8
Italy ...	927,568	3	360,949	1
Japan ...	18,479,483	29	20,398,648	29
Other Countries ...	2,317,509	6	1,051,374	3
Total ...	127,129,200	3,01	102,856,310	2,40

(a) Less than one Lakh

In the absence of dyeworks in India, this trade has been maintained at a higher level than most but is still far behind the 1928-9 aggregate of 155½ million yards valued at Rs.5,62 lakhs. Japanese competition is growing in dyed drills (44 per cent.), flannelettes (70 per cent.), shirtings (23 per cent.), sateens (4 per cent.), twills (4 per cent.), and unspecified descriptions (11 per cent.).

(6) *Woven Coloured Goods.*—The pre-depression figures in 1929-30 were 132 million yards valued at Rs.446 lakhs.

Countries of Consignment.	1934-5.		1935-6.	
	Yards.	Rs. (lakhs).	Yards.	Rs. (lakhs).
United Kingdom ...	13,766,164	43	8,760,026	28
Germany ...	139,180	1	151,114	1
Italy ...	366,647	2	231,624	1
Japan ...	19,622,487	45	20,769,956	41
Other Countries ...	359,611	1	381,784	2
Total ...	34,254,089	92	30,294,504	73

Even before the depression set in, Japan for years supplied considerable quantities of woven coloured twills, shirtings, velvets and velveteens, flannelettes, drills, checks, spots and stripes. The

outstanding feature of the past few years has been the almost complete elimination of the Continent owing to the high duties on foreign goods. Italy and Belgium used to supply important quantities of trouserings and coatings, Holland formerly shipped over 50 per cent. of the lungis and sarongs, but the 50 per cent. duty has destroyed much of the trade or driven it into the hands of Lancashire and Japan.

(7) *Fents of all descriptions.*—In 1929-30, the total yardage of imported fents was nearly 37 million of a value of Rs.90 lakhs. In 1935-6, the total yardage was 48½ million valued at Rs.72 lakhs and was derived as follows :—

Countries of Consignment.	1934-5.		1935-6.	
	Yards.	Rs. (lakhs).	Yards.	Rs. (lakhs).
United Kingdom ...	9,237,849	13	7,630,739	10
Japan ...	36,709,688	66	34,759,506	55
U.S.A. ...	6,084,641	6	6,039,639	6
Other Countries ...	206,920	1	148,065	1
Total ...	52,239,098	86	48,577,949	72

The imports of cut pieces from Japan have increased enormously. Being imported in the form of fents, they are subject only to a duty of 35 per cent. (as compared with 50 per cent. for complete pieces) and are not included in the Japanese piecegoods quota. By the terms of the Indian Tariff (Amendment) Act, 1936, the permissible length of fents of silk and artificial silk was reduced from 4 to 2½ yards.

Percentage Shares of the Principal Competitors in the Total Quantities of Piecegoods imported.

[illegible]

Indian Mill Competition.—The subjoined detailed statement gives the quantities (in pounds and their equivalent in yards) and descriptions of the woven goods produced in Indian mills during the past three years :—

Description.	Twelve months, April to March.		
	1933-4.	1934-5.	1935-6.
Grey and bleached piece-goods :—			
Chadars pounds	21,086,637	23,196,349	23,685,246
yards	56,153,643	58,945,571	59,444,884
Dhootis pounds	188,119,039	215,145,151	234,173,502
yards	978,529,398	1,110,043,646	1,240,340,556
Drills and jeans pounds	26,504,561	29,525,475	32,136,569
yards	104,268,967	118,587,808	128,898,928
Cambrics and lawns pounds	10,429,043	16,216,822	16,191,679
yards	77,614,418	121,714,263	129,690,723
Printers pounds	3,444,468	3,956,941	2,944,017
yards	18,098,352	20,904,766	15,973,248
Shirtings and longcloth pounds	162,016,989	187,482,809	182,161,819
yards	726,078,879	863,484,351	842,516,503
T-cloth, domestics and pounds	36,683,596	41,322,034	38,836,445
sheetings yards	136,957,922	161,910,444	152,072,567
Tent-cloth pounds	2,189,310	2,504,053	3,046,110
yards	5,204,211	6,131,030	7,488,852
Khadi, dungri or khaddar... pounds	30,673,107	35,840,623	37,751,012
yards	91,290,424	106,225,904	116,406,563
Other sorts pounds	14,648,044	15,531,943	16,860,329
yards	70,798,685	73,706,282	80,147,212
Total pounds	495,794,794	570,722,200	587,786,728
yards	2,264,994,899	2,641,654,065	2,772,980,036
Coloured piece-goods pounds	137,610,496	147,466,140	152,872,906
yards	680,056,828	755,801,981	797,878,975
Grey and coloured goods, pounds	3,391,982	3,703,737	5,117,609
other than piecegoods dozens	841,761	930,523	1,291,025
Hosiery pounds	2,340,336	4,718,435	5,304,435
dozens	745,391	1,481,708	1,648,066
Miscellaneous pounds	4,864,133	6,208,320	5,673,448
Cotton goods mixed with silk or wool pounds	1,859,114	3,830,265	4,676,151
GRAND TOTAL pounds	645,860,855	736,649,097	761,431,277
yards	2,945,051,727	3,397,456,046	3,570,859,011
dozens	1,587,152	2,412,231	2,939,091

The Committee of the Bombay Millowners' Association in their Report for 1935 review the year as follows :—

“ With the rise that took place in cotton during January and February, considerable inquiries were received from cloth markets, but towards the beginning of February rumours were set afloat in the markets that the duty on British piece-goods was to be reduced from 1st March and that the necessary provisions had been made in the budget to be presented at

the end of the month. This scared away business, as the trade wished to ascertain what the position was going to be. Until trade is assured of some fixity in tariffs, business is likely to be difficult. Frequent tariff inquiries hamper the trade, and introduce an element of uncertainty in the markets. We had the Special Tariff Board at the close of the year to enquire into the duty on British piecegoods, and the Trade Agreement with Japan will come up for review towards the end of 1936.

"The low prices of Japanese goods, and particularly those of artificial silk and fents, had a depressing effect on Indian sale prices for cloth throughout the year.

"At the beginning of 1935, 29 per cent. of Bombay's looms were working double shift while 25 per cent. were idle. More mills went on double shifts during the year, and a few of the mills that had closed down re-started. The result was that by the end of the year, while 40 per cent. of the looms were working double shifts, 17 per cent. of the looms were idle. The relative figures for the spinning section were 30 per cent. and 26 per cent.

"Stocks of both cloths and yarns reached the highest levels of the year at the end of August, when the price of calendered shirting dropped to $9\frac{1}{4}$ annas. The Italo-Ethiopian dispute and the consequent fear of the whole of Europe being involved then caused demand to broaden. In expectation of a rise in prices based on the experience of the last World War, merchants bought freely and stocked goods heavily. This relieved the stock position in mills, but the relief was short-lived, as goods delivered did not move into consumption freely, and by the end of the year stocks had again begun to increase.

"The year 1934 closed with prices of calendered shirtings barely steady at $9\frac{1}{2}$ annas per lb. Owing, however, to the rise in cotton, there was a rise of a quarter of an anna in cloth prices early in the year. Poor offtake and unsteady cotton prevented prices from remaining steady, and there was a continued decline, until sales were effected by a large group at $9\frac{1}{4}$ annas a lb, with Broach round about Rs.200. The Italo-Ethiopian dispute steadied prices, which rose again to $9\frac{3}{4}$ annas; but this level was not maintained. Moorut sales were very satisfactory from the point of view of quantity, but prices (9 annas $4\frac{1}{2}$ pies per lb.) did not leave mills any margins owing to the high premiums ruling for staple cottons. At the end of the year prices were barely steady at the Moorut level owing to the revival of rumours that the duties on British cloths were to be reduced."

Cloth Consumption in India.—The following table, compiled by the Director-General of Commercial Intelligence, shows, over a series of years, the consumption *per caput* of cotton piecegoods (including fents) and hand-loom products in India :—

Year.	Net Imports.		Net Available Mill Production.		Handloom Production.		Net Available for Consumption.	
	Actual.	Per caput.	Actual.	Per caput.	Estimated.	Per caput.	Total.	Per caput.
	Yards crores.	Yards.	Yards crores.	Yards.	Yards crores.	Yards.	Yards crores.	Yards.
1913-4	313	9.78	108	3.38	107	3.34	528	16.50
1920-1	145	4.53	143	4.47	115	3.59	403	12.59
1921-2	102	3.19	157	4.90	119	3.72	378	11.81
1922-3	152	4.61	156	4.73	134	4.06	442	13.40
1923-4	142	4.30	154	4.67	101	3.06	397	12.03
1924-5	177	5.36	179	5.43	126	3.82	482	14.61
1925-6	153	4.50	179	5.27	116	3.41	448	13.18
1926-7	176	5.18	206	6.06	133	3.91	515	15.15
1927-8	194	5.71	219	6.44	131	3.85	544	16.00
1928-9	191	5.46	174	4.97	108	3.09	473	13.52
1929-30	190	5.43	229	6.54	140	4.00	559	15.97
1930-1	87	2.49	246	7.03	139	3.97	472	13.49
1931-2	76	2.11	288	8.00	150	4.17	514	14.28
1932-3	120	3.34	311	8.64	170	4.72	601	16.70
1933-4	77	2.14	289	8.03	144	4.00	510	14.17
1934-5	97	2.62	334	9.03	146	3.95	577	15.60
1935-6	97	2.62	350	9.46	166	4.49	613	16.57

It will be remarked that, in spite of a rapidly increasing population, the consumption *per caput* of all types of cloth has been maintained in a remarkable manner. The falling-off in imports has been made good by the products of the mills and hand-loom. Even the recent depression has had little effect in checking the quantity, although it has affected the quality of the goods consumed.

Conditions in the large import markets.—I am indebted to a leading authority in the piecegoods trade for the following summary of conditions in the four large import markets :—

Calcutta.

“ The piecegoods market in Calcutta during 1935 was on the whole unsettled and trading difficult. Prices were mainly steady, though they were for the most part on a lower level than in 1934 in spite of cotton being higher, and although there was a rise in the rates of prime commodities the purchasing power of the ryot still remained low.

“ The year opened with a quiet market, there being only a restricted demand for ready goods, though a better feeling prevailed during February. This, however, was short-lived on account of the strong rumours that there would be reductions in the import duties with the publication of the Budget and dealers therefore tried to unload their stocks and purchased their requirements only on a very restricted scale.

“ In April and May arrivals of previously bought goods were fairly heavy and as a better demand had set in from up-country the offtake was fairly good.

“ The monsoon months were quiet as is usual and the demand for the Pujahs was very disappointing and did not really materialise mainly on account of the failure of crops caused by heavy floods in some parts of Bengal and serious drought in other parts.

“ The market remained quiet until the beginning of December, when a better enquiry set in and fair amounts of goods of all styles were disposed of.

“ The imports of cotton goods from the United Kingdom into Calcutta showed a falling off—the figures being 52,331 pkgs. against 59,169 pkgs. for 1934, whilst the Japanese imports were 99,483 pkgs.—an increase of 43,745 pkgs. over the previous year.

“ 1936.—Business so far this year has been slightly better than for the corresponding months of 1935, though the uncertainty of the import duties for United Kingdom goods has made buyers nervous of operating and also the delay in the publishing of the findings of the Tariff Board is having a disquieting effect on the market.”

Bombay.

“ The past fiscal year started disappointingly for piecegoods dealers as the generally expected reduction of the import duty in the form of a removal of the 5 per cent. surcharge did not materialise. Trading, however, was active and healthy during April and May and Japanese importers sold ahead till September fair quantities of their standards even at the level of rates ruling for spot goods on this side. Lancashire sales, however, during this period were limited, owing to the price factor.

“ In June however, weakness in cotton, the Quetta earthquake disaster, and heavy arrivals of Japanese goods brought about selling pressure and goods were changing hands at easier rates. Subsequent favourable report of the progress of the monsoon, however, encouraged buyers to replenish their stocks for season and fair lines, mostly of Japanese goods, were booked.

“ Later on in August a sharp decline in cotton coupled with a sudden drop in silver—following which a number of piecegoods merchants lost in silver speculation—caused heavy overloading in the Bombay market and forward trading remained unsettled for some time and was confined to a hand-to-mouth business. Speculative activity, however, was in evidence during September and October, due to apprehension of war in Europe, which forced prices up and buyers made fair profits on their holdings.

“ The application of Sanctions against Italy in November came too late, however, to interfere with seasonal shipments which principally constitute woollens and artificial silks and there was something of glut of these goods late in the year due to the market having anticipated these Sanctions with heavy shipments.

“ Dealers in local mill productions did a very brisk trade during Diwali and sales surpassed all expectations. Nearly 150,000 bales were sold by the Bombay mills, finer qualities forming a good portion of these sales.

“ Later the activities of the Special Tariff Board and arrival of the Lancashire Trade Delegation, checked forward bookings as a reduction in duties on Lancashire piecegoods and yarn was looked for in the near-future.

“ An outbreak of meningitis in the piecegoods market here during January, 1936, scared off to some extent upcountry dealers and trading was restricted with the result that stocks accumulated. The decision of the local mills to work double shifts and consequent fears of over-production and decline in prices also had a demoralising effect on the bazaar.

“ During April of this year, prices in Japan have been advancing steadily and buyers are making profits on their previous purchases. In Manchester goods a steady demand has also been in evidence, although actual business has been confined to small lots.

“ In conclusion we would mention that during the whole of the year under review, dealers in Lancashire piecegoods have been gradually showing less interest in this trade as, owing to Japanese and local mill competition, prices realised for Lancashire piecegoods have been on the whole unremunerative. In Japanese piecegoods, however, dealers have been faring better and trading shows fairly satisfactory results.

“ On the other hand, while dealers in local mills piecegoods have done a large trade during the year under review, their profits have been small. It is significant that local mills are now-a-days making good progress in the production of finer qualities which Lancashire used to supply in large quantities.”

Karachi.

“ Throughout the year 1935-6 the condition of the Karachi market can on the whole be described as healthy. Demand for consumption from the upcountry consuming centres was satisfactory and consequently clearances were good. From the foregoing, however, it must not be understood that the course of events was consistently smooth as various events occurred to disturb the equanimity of dealers. First, there was the Quetta earthquake in June in which a number of Karachi dealers lost relations and property. This was followed in August by the sharp drop in American cotton but fortunately the market was fairly quick to recover from this shock. Then in September came the invasion of Abyssinia by Italy and this was followed by a wave of speculative buying on a fairly large scale. It is satisfactory to be able to record, however, that few, if any, of the local dealers burnt their fingers.

“ The deliberations of the Special Tariff Board were followed by the market with intense interest and the expectation of an almost immediate decrease in the import duty on Lancashire goods had for a while a demoralising effect on the bazaar, dealers preferring to leave fresh arrivals to incur demurrage at the docks rather than clear them at once.

“ So far as the actual styles are concerned there has been an increase in the importations of standard white mulls qualities from Lancashire. On the other hand, Manchester prints have decreased to an insignificant quantity, the bulk of the trade having been captured by the Japanese. The same can be said about Lancashire white shirtings, the importations of which have declined considerably in the face of keen competition from Japan and from the Indian mills.”

Madras.

“ From April to December last year there was a good enquiry from the consuming centres and in consequence clearances were good and buyers generally made fair profits. Forward trading was also satisfactory during this period.

“ Strangely enough the sharp drop in American cotton during August did not affect bazaar prices at all, but on the contrary stimulated forward buying and buyers bought fairly heavily for several months ahead. Towards the end of September and early in October there was a good enquiry from the up-country consuming centres on account of the Diwali festival. This coincided with the Italo-Ethiopian conflict and the market showed a feverish activity during this period and a lot of speculative buying took place, mainly due to fears that this dispute might spread to Europe.

“ In December, however, by which time it was realised that the Abyssinian dispute would be confined to African soil, bazaar prices started declining and dealers were left to face the steady arrivals of their speculative purchases and the market became depressed. At about this time the activities of the Special Tariff Board checked forward buying owing to an anticipated reduction in the import duty on Lancashire goods.

“ In March conditions improved somewhat and forward buying was resumed both in Manchester and Japanese goods. The bookings in the former were restricted but in the latter considerable business was reported to have been booked.

“ Local mills are making very good progress particularly in finer styles such as whites and fancies of which in previous years Lancashire used to supply large quantities.

“ The market is at present in a more or less unsettled state due mainly to the holding of heavy stocks of highly priced goods by buyers.”

General Forecast (June, 1936).—The issue of the Government of India notification reducing, with effect from the 25th June, the duties on all United Kingdom cotton piecegoods (with the exception of printed fabrics) from 25 to 20 per cent. in accordance with the recommendations of the Special Tariff Board brings belated relief to a situation which, owing to uncertainty, was rapidly deteriorating. The total imports of Lancashire goods had fallen in 1935-6 to 440 million yards. Owing to the uncertainty with regard to the future fiscal position, buyers have for months been holding back with the result that the imports during April and May declined by a further Rs.64 lakhs even compared with the

corresponding period of last year. The reduction of duties will now remove this hesitation and, fortunately, the announcement has been made before the main buying season of the year for December-January-February shipment opens.

The first effect of the new duties will be to encourage the numerous importers and dealers, who have for years steadily sustained losses in the Lancashire trade and who were on the point of abandoning it altogether, to restock their established qualities and endeavour to recoup some of their losses. This should give a stimulus to the trade during the next 12 months although it is likely that the major portion of the 5 per cent. concession will be retained by the dealer in order to improve his margin of profit and will not be passed on to the consumer. In the second place, the fiscal reduction will increase the differential margin *vis-à-vis* Japanese goods to 30 per cent. and should divert a certain amount of trade from Japan to Lancashire. This advantage will, of course, entirely depend on the outcome of the negotiations, which opened in July, for a revision of the Indo-Japanese Protocol of 1934. If the existing quota and category arrangements are continued and made more effective and if to the quota are added Japanese fents, artificial silk goods and made-up goods, then the additional advantage may be a very real one.

These two factors may involve an addition to the United Kingdom trade of 80 to 100 million yards within the next year. After this first expansion, however, it is doubtful whether imports can be maintained at more than, say, 450 to 500 million yards per annum unless there is a very material increase in the prosperity and resulting purchasing power of the Indian consumer. In view of the rapid increase in volume and improvement in quality and range of Indian mill production, competent observers in India hold the view that the reduction to 20 per cent. is quite inadequate to stimulate any appreciable permanent increase in India's consumption of Lancashire piecegoods. The view, however, is widely held that a reduction to 15 per cent. would give a definite fillip to such styles as fine bleached goods, prints and dyed and woven coloured goods which are, so far, not produced in considerable quantities in India and which have been either partially or wholly excluded by the high tariff of 25 per cent.

Lancashire imports are being driven from the Indian market by substitution of Indian and Japanese goods, owing to the fact that their landed price is above the purchasing power of the Indian consumer. Any relief can, therefore, only be obtained either from a reduction in their cost (by reason either of a revolution in Lancashire methods of production or a reduction of the import duty to 15 per cent.) or from a very pronounced increase in the income of the consumer as a result of a return of agricultural prosperity.

Raw Cotton.

The subjoined table gives the imports of raw cotton into India during the past two years :—

Countries of Consignment.	1934-5.		1935-6.	
	Tons.	Rs. (lakhs).	Tons.	Rs. (lakhs).
United Kingdom... ..	1,384	12	20	(a)
Iran	729	4	43	(a)
Egypt	16,911	155	15,484	1,41
Kenya Colony	32,725	277	36,614	3,13
Tanganyika Territory ...	2,427	22	4,647	40
Anglo-Egyptian Sudan	3,354	29	4,982	48
U.S.A.	1,638	16	10,532	92
Other Countries	1,396	13	4,272	40
Total	60,564	5,28	76,594	6,74

(a) Less than 1 Lakh.

The tendency of the Indian mills to spin finer counts is the cause of the growing importation of raw cotton of longer staple than that grown in India. The movement of the price parity in favour of American cotton is reflected in considerably increased imports from U.S.A. ports. Practically all imports of U.S.A. cotton are now received direct from U.S.A. ports, the trade *via* Liverpool having ceased. Re-exports of raw cotton to all markets did not exceed Rs.3½ lakhs in value and it may therefore be taken that the heavy imports of Kenya, Egyptian and American cottons were retained for Indian mill consumption.

Indian Cotton to Lancashire.—As a result of the admirable propaganda and active work carried out by the Lancashire Indian Cotton Committee, there has been a striking increase in the United Kingdom's takings of Indian cotton during the past three seasons :—

<i>Bales.</i>				
1932-3	...	...	...	230,000
1933-4	...	...	...	362,000
1934-5	...	...	...	394,000

The Lancashire Committee report that the figures for the current season show a continued improved tendency. Moreover, they are convinced that the potential consumption of Indian cotton in Lancashire is a considerable distance ahead of present achievement and they have little doubt that further substantial progress can be secured. They state :—

“ It is beyond question that the educational propaganda of the last two years has had a very powerful effect in Lancashire. A definite goodwill towards Indian cotton has been

brought into existence throughout the industry, and it is in sharp contrast to the attitude of mind towards Indian growths which has always obtained previously. A great many mills have made adjustments in their processes and even in their equipment so as to enable them to use Indian types to advantage. A large number of new market connections have been opened and Indian cotton has been brought into the foreground of the commercial arena in a way which has exceeded even the most optimistic expectations of the Committee. All this is of comparatively recent growth and its practical effects should be more far-reaching as time goes on."

Cotton Sewing Thread.—The imports were as follows :—

Countries of Origin.	1934-5.		1935-6.	
	lbs.	Rs. (lakhs).	lbs.	Rs. (lakhs).
United Kingdom ...	1,841,154	49	1,601,659	43
Other countries ...	423,431	10	418,168	10
Total imports	2,264,585	59	2,019,827	53

The trade has been relatively well maintained when it is considered that the pre-slump imports in 1929-30 aggregated 2,402,078 lbs. valued at Rs.81 lakhs. In 1934-5 the United Kingdom supplied 82 per cent., Holland 10 per cent., Austria 3.9 per cent. and Japan just under 2 per cent.

Artificial Silk Yarns.—The material expansion in 1934-5 has not been maintained and the aggregate imports fell from 16,614,949 lbs. to 14,911,162 lbs. This was mainly due to reduced takings by the Madras handloom weavers of 881,690 lbs. and by the Bombay mills of 490,765 lbs. The imports were :—

Countries of Consignment.	1934-5.		1935-6.	
	lbs.	Rs. (lakhs).	lbs.	Rs. (lakhs).
United Kingdom ...	861,567	7	522,265	3
France ...	199,970	1	48,302	1
Italy ...	6,477,423	46	3,953,586	24
Japan ...	8,896,571	62	9,956,846	53
Other Countries ...	179,418	1	430,163	2
Total ...	16,614,949	1,17	14,911,162	83

As might be expected from the imposition of Sanctions and the uncertainties of the Abyssinian crisis, the imports from Italy suffered most severely. Japan also received a set back but—in view of the rapid expansion of the Japanese rayon industry, which is now second in importance only to that of the U.S.A.—it may be expected that her share of the Indian market will continue steadily to expand.

Piecegoods made entirely of Artificial Silk.—Although the total trade rose from 67,600,648 to 74,491,051 yards, it is still well below the record figure of 112·8 million yards in 1932-3, which goes to prove that the high import duty on Japanese fabrics of 50 per cent. or four annas per square yard, whichever is higher, is having a restrictive effect on Japanese trade. Although the differential duty on United Kingdom products is only 30 per cent., or 2½ annas per square yard, whichever is higher, the margin is not sufficient to enable United Kingdom exporters to make any inroads on the Japanese trade and they are merely maintaining their position as suppliers of specialities.

Principal Countries of Consignment.	1934-5.		1935-6.	
	Yds.	Rs. (lakhs).	Yds.	Rs. (lakhs).
United Kingdom ...	464,656	3	348,730	2
Japan ...	66,643,495	1,78	73,731,672	1,84
Other countries ...	492,497	2	410,649	2
Total ...	67,600,648	1,83	74,491,051	1,88

“ Other countries ” include Italy, France and Switzerland. The average declared value per yard of the imports from all countries in 1934-5 was 4 annas 4 pies and, in the case of imports from Japan, 4 annas and 3 pies.

Piecegoods of Cotton and Artificial Silk.—The following table shows a heavy fall in the imports of artificial silk mixture cloths, probably due to the restrictive effects of the new duties.

Principal Countries of Consignment.	1934-5.		1935-6.	
	Yds.	Rs. (lakhs).	Yds.	Rs. (lakhs).
United Kingdom ...	3,282,615	14	1,934,236	8
Germany ...	86,299	2	76,762	1·5
Italy ...	1,336,902	8	457,636	3
Japan ...	8,125,650	25	5,737,017	20·5
Other countries ...	122,772	1	50,547	1
Total ...	12,954,238	50	8,256,198	34

Flax Manufactures.—The main types imported were :—

Description.	1934-5.		1935-6.	
	Rs. (lakhs).		Rs. (lakhs).	
Twist and yarn	*		†	
Canvas	9·5		8·5	
Piecegoods	2		2	
Sewing thread	2		2	
Other sorts, including bags and sacks	4		5	
Total Imports	17·5		17·5	

* Rs. 15,361.

† Rs. 35,776.

Details of the provenance of the imports are not yet available. In 1934-5 the United Kingdom supplied 94 per cent. of the total trade; the balance including Rs.7,000 worth of piecegoods from Belgium, Rs.5,000 worth of linen thread from Austria, Rs.18,000 worth of miscellaneous flax manufactures from Czechoslovakia and Rs.15,000 worth from Japan.

Jute Manufactures.—This heading largely comprises second-hand gunny bags re-exported from Australia and transhipped *via* Ceylon. The total trade has shown a decline over the past three years. The figures are :—

Countries of Consignment.	1934-5.		1935-6.	
	Rs. (lakhs).		Rs. (lakhs).	
United Kingdom	2		2	
Ceylon	6		7	
Other Countries	1		1	
Total imports	9		10	

In 1934-5 the United Kingdom supplied practically the whole of the Rs.41,075 worth of jute canvas and the Rs.63,000 worth of gunny cloth and over 75 per cent. of the Rs.20,000 of rope and twine imported. Ceylon provided almost the whole of the gunny bags. The Straits Settlements consigned relatively small quantities of gunny bags, gunny cloth and miscellaneous manufactures.

Silk Manufactures.—The total trade receded on account of reduced imports of silk piecegoods and mixture fabrics which offset a slight expansion in the trade in silk yarn. The imports of the various types were :—

Silk Yarn.

Countries of Origin.	1934-5.		1935-6.	
	lbs.	Rs. (lakhs).	lbs.	Rs. (lakhs).
United Kingdom ...	587,133	9·5	388,511	6·5
Italy	347,749	7·5	284,007	7
China (including Hongkong)	492,019	13	483,389	12·5
Japan	1,834,689	47·5	2,376,703	56·5
Other Countries ...	31,473	·5	95,785	1·5
Total	3,293,063	78	3,628,395	84

By a recent enactment of the Indian Legislature, silk yarn spun from silk waste or noils is now subject to a duty of 25 per cent. or 14 annas per lb., whichever is higher.

Silk Piecegoods.

Countries of Origin.	1934-5.		1935-6.	
	Yds.	Rs. (lakhs).	Yds.	Rs. (lakhs).
United Kingdom ...	86,723	0·5	11,325	0·25
China (including Hongkong)	5,090,263	21	5,255,314	16
Japan ...	27,796,539	101	21,717,836	72
Other Countries ...	366,199	2·5	445,590	2
Total ...	33,339,724	125	27,430,065	90·50

The reason for the small United Kingdom participation in this valuable trade will be found in declared value per yard of all imports in 1934-5 of approximately seven pence. The goods mainly consist of light weight crepes, pongees and miscellaneous fabrics peculiar to Japan and China.

Silk Mixture Cloths.

Countries of Origin.	1934-5.		1935-6.	
	Yds.	Rs. (lakhs).	Yds.	Rs. (lakhs).
United Kingdom ...	212,978	2	99,149	1
Germany ...	397,114	4	209,694	2
China (including Hongkong)	825,113	5	253,936	1
Japan ...	11,744,117	60	7,817,178	35
Other Countries ...	192,013	2	422,366	4
Total ...	13,371,335	73	8,802,323	43

The last few years have been noteworthy for a rise in the declared value per yard of the imports from Japan from 5½ annas in 1932-3 to 8 annas in 1933-4 and 8¼ annas in 1934-5 showing that, now her position in the market is established, she is able to increase the prices charged for her goods. There has also probably been a rise in the standard of quality.

Woollen Manufactures.—The various types imported were:—

Description.	1934-5.	1935-6.
	Rs. (lakhs).	Rs. (lakhs).
Worsted yarn for weaving ...	29	18
Knitting wool	32	17
Blankets and rugs other than floor rugs	55	35
Braids	*	†
Carpets and floor rugs	3	4
Hosiery	12	17
Piecegoods	1,40	81
Shawls	12	11
Total imports of all kinds ...	3,86	2,79

* Rs. 30,359.

† Rs. 22,007.

In 1934-5, of the worsted yarn imported, the United Kingdom supplied a bare 10 per cent. There has been a remarkable advance in the imports from Japan from Rs.82,000 in 1932-3 to Rs.7 lakhs in 1933-4 and Rs.25 lakhs or 86 per cent. in 1934-5. Of the knitting wool, the United Kingdom shipped 32 per cent. and Japan 63 per cent. Japan entered the market on a moderate scale in 1932-3 with Rs.3 lakhs worth, which rose to Rs.5 lakhs in 1933-4 and no less than Rs.20 lakhs in the year under review. Blankets and rugs were contributed by the United Kingdom (2½ per cent.), Italy (89 per cent.) and Japan (3 per cent.). The share of Italy must have been materially reduced during the past year, but particulars of countries of origin are not yet available. In 1934-5 imported braids were drawn from Czechoslovakia, Japan and Germany.

Woollen and Worsted Piecegoods.—The trade suffered a severe set-back in 1935-6 mainly due to the uncertainty as to the future of the tariff. The subjoined table gives the origin of the imports:—

Principal Countries of Consignment.	1934-5.		1935-6.	
	Yards.	Rs. (lakhs).	Yards.	Rs. (lakhs).
United Kingdom ...	2,077,705	47	1,932,119	44
Germany	432,262	8	265,696	4
Belgium	22,483	*	10,398	†
France	662,648	4	10,965	†
Italy	192,856	4	68,109	1
Japan	6,858,716	73	2,833,976	30
Other Countries ...	269,410	4	138,333	2
Total ...	10,516,080	140	5,259,596	81

* Rs. 49,852

† Rs. 20,981

† Rs. 14,542

The extent of the fall in trade last year may be measured by comparison with an import of 12½ million yards valued at Rs.233 lakhs in 1929-30, the last pre-slump year. It is fairly evident from

the figures that the market was completely disorganised by anticipation of the Report of the Indian Tariff Board into the case for protection of the Indian woollen industry. This uncertainty was dispelled by the announcement, on 23rd January, 1936, that the Government of India had decided not to modify the duties on either woollens or worsteds. This removal of the fear of higher duties on Japanese goods will probably result in a revival of imports from Japan next year. The imposition in 1934 of an alternative minimum specific duty of 18 annas per pound on all woollen piece-goods of foreign origin has had no effect in checking Japanese imports but accounts for the rapid extinction of the trade in Continental woollen goods.

Woollen Mixture Cloths.—This trade has also been affected by the depressed market of the past year but not to the same extent as the trade in all-wool fabrics.

Principal Countries of Consignment.	1934-5.		1935-6.	
	Yds.	Rs. (lakhs).	Yds.	Rs. (lakhs).
United Kingdom ...	2,125,573	29	1,822,711	24
Germany	58,322	1	54,349	1
Italy	447,075	4	112,801	1
Japan	409,680	5	210,010	3
Other Countries ...	177,907	3	143,780	2
Total ...	3,218,557	42	2,343,651	31

Yorkshire manufacturers have led the way in the production of mixture fabrics, which are finding a ready market in the bazaars of Northern India.

Woollen Shawls.—The aggregate trade remained stationary at Rs.11½ lakhs in value. Imports were drawn from:—

Countries of Consignment.	1934-5.		1935-6.	
	Number.	Rs. (lakhs).	Number.	Rs. (lakhs).
Germany	143,367	7	153,055	6
Japan	243,952	4	248,092	4
Other Countries ...	28,644	1	99,112	1½
Total ...	415,963	12	500,259	11½

In 1934-5 the United Kingdom only contributed 1,770 shawls valued at Rs.4,710. The other supplier included in "other countries" was Italy with Rs.68,000 worth.

Machinery and Millwork.—An unmistakable sign of India's industrial recovery is the increase in the total imports of machinery and millwork from Rs.12.6 crores (£9,477,000) to Rs.13.7 crores (£10,267,000). The pre-War 1913-4 imports were Rs.8.26 crores. The high watermark was reached in the pre-slump year of 1928-9 with a total of Rs.18.36 crores and the recent lowest level was Rs.10.54 crores in 1932-3, since when the improvement has been a steady one. The recovery during the past year is the more noteworthy in that it has been in spite of materially reduced imports of sugar machinery consequent on the completion of most of the sugar factories. Important increases are to be recorded in boilers, prime-movers, electrical machinery, machine tools and jute manufacturing machinery, while the increase of Rs.60 lakhs in miscellaneous industrial plant clearly reflects an improvement among the host of minor industries which are springing up throughout the country under the fortuitous protection of the high revenue tariff.

The following table shows the origin of the imports during the past two years :—

Countries of Consignment.	1934-5.	1935-6.
	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	9,15	9,26
Germany	1,26	1,64
Belgium	17	27
Japan	11	18
U.S.A.	1,15	1,17
Other Countries	79	1,17
Total Imports	12,63	13,69

The next table shows the relative importance of the three principal suppliers in 1929-30 and during the past three years :—

Principal Countries of Consignment.	1929-30.	1933-4.	1934-5.	1935-6.
	Per cent.	Per cent.	Per cent.	Per cent.
United Kingdom... ..	74.9	68.4	71.9	67.3
U.S.A.	9.9	6.3	9.6	9.1
Germany	9.5	10.3	9.9	11.8
Other Countries	5.7	15.0	8.6	11.8
	100.0	100.0	100.0	100.0

The fall in the United Kingdom percentage figure to a record low level is attributable to a reduced demand for such of her specialities as cotton textile machinery, tea machinery and sewing and knitting machines which coincided with more severe competition from Germany in almost every item but, notably, in prime movers such as oil engines, electrical machinery and cotton textile machinery. Imports from Japan have shown steady expansion during the past few years and include such items as cotton textile machinery, sewing and knitting machines, and cheap industrial equipment for the lesser industries.

The position in India of the United Kingdom manufacturing engineer is laid on the sound foundations of the suitability to Indian conditions of his design and the general excellence, finish and workmanship of the product. In the majority of cases, his branches and technical agents give that regular service to clients, both before and after the sale, which is so desirable in the Indian market. It should be noted, however, that German, Swiss and other foreign competitors are following our lead by arranging efficient representation in this country. Intensified competition must, therefore, be expected in the future and greater efforts will be required to secure business. The success of Germany during the past two years has been mainly attributable to the subsidy schemes employed in order to stimulate export trade. The use of these facilities has enabled German manufacturers to quote prices in India as much as 20 to 30 per cent. below the level of other competing firms and, so long as this practice continues, it is inevitable that many valuable contracts will be lost. In other instances machinery contracts have been awarded to the local agents of German exporters in return for promises to facilitate the export of Indian produce. Strenuous attempts have been made by German interests to develop methods of barter and in most instances the consideration for an increased offtake of Indian produce has been the offer of machinery at favourable prices.

The following brief analysis of the principal types of machinery imported will be of interest :—

Cotton Textile Machinery.

	1933-4.	1934-5.	1935-6.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
Cotton spinning machinery	1,10	1,37	1,08
Cotton weaving machinery	70	66	57
Cotton bleaching and dyeing machinery	4	4	6
Cotton printing machinery	1	1	2
Other sorts	18	33	28
Total Imports	2,03	2,41	2,01

The provenance of the above imports was :—

Countries of Consignment.	1933-4.	1934-5.	1935-6.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	1,65	2,10	1,63
Germany	18	14	17
U.S.A.	2	3	3
Other Countries	18	14	18
Total	2,03	2,41	2,01

German competition is increasing in dobbies and other loom attachments, in specialities of dyeing plant and in miscellaneous equipment. Imports from Japan were valued at Rs.4½ lakhs and included spinning and weaving machinery in almost equal proportions. The U.S.A. provide patent winders and specialities. "Other Countries" in 1934-5 covered miscellaneous items of spinning machinery from Spain, Switzerland and France, and small items of weaving machinery from Italy, the Netherlands, France and Austria.

Woollen Manufacturing Machinery.—As there are only some half-dozen or so woollen mills in India, the trade is not a large one and shows no great elasticity. The figures were :—

1933-4.	1934-5.	1935-6.
Rs. 3,27,490	Rs. 1,73,013	Rs. 3,71,688

Details of origin are not yet available, but in 1934-5 and in previous years, the United Kingdom supplied practically the whole of the plant.

Electrical Machinery.—The following table gives the main types of electrical plant imported during the last two years :—

	1934-5. Rs. (lakhs).	1935-6. Rs. (lakhs).
Control and switchgear	39	44
Generators, alternators and dynamos	17	22
Motors	35	42
Transformers	13	19
Turbo-generating sets	4	8
Others	61	70
Total	1,69	2,05

It is encouraging to note that an increase took place in every item. The total trade compares with an aggregate of Rs.240 lakhs in 1929-30, which was the highest figure for many years. While the financial stringency in 1931 and subsequent years inevitably slowed

down the prosecution of large electrical schemes, there is now a distinct tendency, owing to low interest rates and increasing economic activity, to proceed with the extension of existing projects and to consider new schemes. Thus considerable purchases have recently been made for hydro-electric enterprises in the Punjab, United Provinces, Madras and North-West Frontier Province. Even when these major schemes are completed, they will provide a regular trade in transmission gear, small industrial motors, etc., as the current is extended to additional towns and villages.

The provenance of the imports was as follows :—

Countries of Consignment.	1933-4.	1934-5.	1935-6.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	86	1,22	1,38
Germany	11	21	29
U.S.A.	17	12	16
Other Countries	13	14	22
Total	1,27	1,69	2,05

The fall in the United Kingdom percentage from 72 to 67 is attributable to more severe and subsidized German competition at prices with which it is impossible to compete. The U.S.A. finds a ready outlet in electrical undertakings in which American capital is invested. "Other Countries" in 1934-5 included Sweden (Rs.5 lakhs), France (Rs.1½ lakhs), Belgium (Rs.1½ lakhs) and Italy (Rs.1½ lakhs). As I have repeatedly stated, the highly organised local organisations of the powerful United Kingdom manufacturing groups should be able—with their unrivalled experience and connections—to take the fullest advantage of any revival; but even they are helpless against subsidized competition such as that recently experienced from German firms.

Boilers.—The imports were as follows :—

Countries of Consignment.	1933-4.	1934-5.	1935-6.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	59	38	58
Germany	2	2	2.5
Other Countries	5	3	15.5
Total	66	43	76

The aggregate trade compares with an average importation exceeding £1,000,000 per annum during the first five post-War years and a figure of Rs.109 lakhs in 1929-30. The improvement during the past year is largely due to extensions to the plant of public utility power stations and the completion of contracts for the sugar factories. Details are not available of the countries of origin included under "Other Countries", but in 1934-5, Czechoslovakia, the U.S.A., France and Japan supplied small quantities. It is probable that Japanese shipments increased materially last year.

Prime-Movers (other than electrical).—The total imports were classified as follows :—

	1934-5. Rs. (lakhs).	1935-6. Rs. (lakhs).
<i>Locomotives—</i>		
Oil engines	2	2
Oil engines (parts of)	1	*
Steam engines	2	4
Steam engines (parts of)	6.5	6.5
Railway locomotive engines and tenders and parts	43	57
<i>Other than Locomotives—</i>		
Gas engines	1	1
Gas engines (parts of)	†	‡
Oil engines	54	53.5
Oil engines (parts of)	14	15
Steam engines	3	3
Steam engines (parts of)	5	7
Other	10	5
Total Imports of Prime Movers	1,44	1,57
* Rs. 33,292.	† Rs. 35,426.	‡ Rs. 72,151.

The improvement in the Indian industrial position is shown by the steady rise in imports from the lowest level of the slump period. While it is true that the recovery is entirely accounted for by increased shipments of railway locomotives, the maintenance of the position in oil and steam engines shows that the position of the small industrialist has not deteriorated. As I stated in my last report, the provision of cheap electrical energy in bulk from the hydro-electric stations in the Punjab, United Provinces and Madras will probably lead to the substitution of electric motors for oil engine units throughout wide areas. There is, however, such scope for the application of power to Indian agriculture that the demand for prime-movers utilising crude oil and steam is not likely to be permanently reduced. Details of the provenance of prime-movers are not yet available for 1935-6.

Agricultural Machinery.—There has been a set-back during the year due to reduced imports of ploughs and parts, which are now

being manufactured on an increasing scale at one or two centres in the Deccan. The subjoined table reveals the position :—

				1933-4.	1934-5.	1935-6.
				Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
Agricultural tractors and parts	...	...	...	5	4.5	5
Ploughs and parts	...	...	...	2	2.75	1
Others	...	...	...	3	4	4
Total Imports	...	...	...	10	11	10

Details of origin are not yet available, but in 1934-5 the U.S.A. supplied 70 per cent. of the tractors, the United Kingdom contributing 16 per cent. and Germany 12 per cent. Of the ploughs and parts thereof, the United Kingdom supplied 77 per cent. and the U.S.A. 20 per cent. Miscellaneous types of agricultural machinery were drawn from the United Kingdom (55 per cent.), Germany (32 per cent.) and the U.S.A. (10 per cent.).

Mining Machinery.—Notwithstanding great activity in the Indian gold, iron, manganese and non-ferrous mining industries, there was a marked decline from the improved imports of last year. Aggregate imports fell by Rs.11 lakhs to Rs.41 lakhs, which compares with a total of Rs.61 lakhs in 1929-30 and no less than Rs.150 lakhs in 1927-8. It will be seen that the U.S.A. and the United Kingdom bore the brunt of the fall, while imports from Belgium increased considerably. The absence of any expansion in the coal industry precluded any large importations of colliery plant, which is largely provided by the United Kingdom. The major part of the imports were consigned to Burma, where the lead and zinc mines are enjoying a period of greater activity.

Countries of Consignment.	1933-4.	1934-5.	1935-6.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom ...	21	20	16
Belgium ...	*	9	11
U.S.A. ...	10	21	12
Other Countries ...	1	2	2
Total Imports ...	32	52	41

* 47,941 Rupees.

In 1934-5, the United Kingdom supplied 40 per cent. and Germany 52 per cent. of the coal mining machinery. All other kinds were drawn from the United Kingdom (37 per cent.), the U.S.A. (42 per cent.) and Belgium (17 per cent.).

Metal Working Machinery (including Machine Tools).—This heading, which mainly comprises machine tools of all types, is a fair index of India's industrial activity and the expansion during the past year is therefore the more encouraging.

Countries of Consignment.	1933-4.	1934-5.	1935-6.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	12	9.5	12
Germany	2.5	2	3.5
U.S.A.	1	3	1.5
Other Countries ... ..	.5	—	1
Total Imports	16	14.5	18

The trade has fallen from a 1929-30 total of Rs.36 lakhs. The demand, both on account of Railway and other Government requirements, and for industrial purposes has broadened considerably and we may expect a further expansion in the next few years. Owing to heavy demands on United Kingdom production prices have risen and forward deliveries are now very extended. This may handicap the United Kingdom exporter *vis-à-vis* his Continental and American competitors.

Oil Crushing and Refining Machinery.—This branch of engineering has seriously suffered from the depression, last year's total of Rs.21 lakhs being only half of the 1929-30 figure of Rs.42 lakhs.

Countries of Consignment.	1933-4.	1934-5.	1935-6.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	18	12	9
Germany	6	6	7
U.S.A.	3	2	3
Other Countries	*	1	2
Total	27	21	21

* 26,400 Rupees.

Paper Mill Machinery.—Imports of paper mill machinery have not been affected by the depression, as the Indian paper mills continue to do well under cover of protective duties. Imports were :—

1933-4.	1934-5.	1935-6.
Rs.11,02,623	Rs.8,96,841	Rs.8,05,924

In 1934-5, the last year for which detailed figures are available, the United Kingdom supplied 84 per cent., Germany 6 per cent. and the U.S.A. 4 per cent.

Pumping Machinery.—Demand was well maintained and imports are Rs.1 lakh higher at Rs.30.5 lakhs.

1933-4.	1934-5.	1935-6.
Rs.19,94,088	Rs.29,62,655	Rs.30,58,451

In 1934-5, the United Kingdom contributed 69 per cent., the U.S.A. 17 per cent. and Germany 6 per cent.

Refrigerating Machinery.—There was a useful expansion of Rs.3½ lakhs to Rs.14½ lakhs resulting from greater imports of both bulk cold storage equipment and also of domestic refrigerators.

1933-4.	1934-5.	1935-6.
Rs.9,48,296	Rs.11,05,188	Rs.14,62,913

In 1934-5, the United Kingdom's share was 22 per cent., mainly heavy plant for the central depots, but also a small but increasing number of domestic refrigerators. Two or three United Kingdom manufacturers are now exporting suitable domestic apparatus and are, at last, competing with the U.S.A. exporters. There is a great scope in India despite the fact that U.S.A. producers have had a flying start of nearly ten years. In addition, the mechanical cooling of works, offices and bungalows is bound to be more widely adopted as the systems are reduced in price.

Rice and Flour Mill Machinery.—The effects of the depression are still apparent and the import of Rs.9 lakhs compares unfavourably with a 1929-30 total of Rs.24 lakhs.

Countries of Consignment.	1933-4.	1934-5.	1935-6.
United Kingdom	3.5	5.5	5
Germany	1.5	2	2.5
U.S.A. ... ..	.5	1	1
Other Countries	1	1	1
Total	6.5	9.5	9.5

Flour mills have not been very successful in India during the past few years and consequently have confined their purchases to essential renewals. As regards rice mills, the demand for small mills in Bengal and Southern India has now outstripped the requirements of Burma.

Saw-mill and Wood-working Machinery.—Here again, there has been a material decline from the 1929-30 figure of Rs.9 lakhs to a total of Rs.5 lakhs for 1935-6, which, however, shows an improvement of Rs.2 lakhs over the preceding year. The trade has been largely confined to renewals for saw-mills and wood-working machines for the railway carriage and wagon shops.

Countries of Consignment.	1933-4.	1934-5.	1935-6.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	2.4	2.6	4
Other Countries ... ..	.5	.5	1
Total	2.9	3.1	5

Germany and the U.S.A. supply small values, but United Kingdom types and practice are generally adopted.

Sewing and Knitting Machines (including parts).—Despite the decline in the purchasing power of the Indian consumer, a total import of Rs.65 lakhs worth of complete machines compares well with the pre-slump average of Rs.72 lakhs and reflects credit on the activity of the distributing organizations of the leading suppliers. The imports of complete machines were as follows :—

Countries of Consignment.	1933-4.	1934-5.	1935-6.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	32	58	47
Germany	11	14	16
Other Countries	1	2	2
Total	44	74	65

The number of United Kingdom machines fell from 62,867 to 60,251 while those from Germany rose from 18,138 to 21,889. In 1934-5, "Other Countries" included Rs.1 lakh from the U.S.A. and Rs.67,000 from Japan. The increase in German competition is disconcerting but the machines of the Singer Sewing Machine Company, which serves the Indian market from its Clydebank factory are so well-known in the market on account of the Company's network of depots, schools and hire-purchase arrangements that, as purchasing power revives and the price factor ceases to be such a desideratum, the United Kingdom share should be regained. The following are the imports of parts of sewing and knitting machines :—

1933-4.	1934-5.	1935-6.
Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
6	8.5	8.7

Sugar Machinery.—When one considers that Rs.691 lakhs (£5,200,000) worth of sugar machinery has been imported during the past five years, it is not surprising that the imports for 1935-6 declined from Rs.105 lakhs to Rs.66 lakhs. It is now becoming evident that the development of factories in the principal existing cane areas of the United Provinces and Bihar and Orissa has reached saturation point. There is probably still scope for further plants in other parts of India such as Madras, Mysore, Hyderabad and Central India, where adequate supplies of cane can be secured and where a ready market can be found in the vicinity. The main development, however, is over and future demands will be for renewals and also for occasional plants in new areas. Recent imports have been obtained as follows:—

Countries of Consignment.	1933-4.	1934-5.	1935-6.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	1,96	74	50
Germany	33	11	11
Netherlands	60	7	1
Other Countries	47	13	4
Total Imports	3,36	1,05	66

While the aggregate United Kingdom shipments have fallen, the percentage has risen from 70 to 75. It is probable that there will be a reversion to the position prior to the boom period of 1931-2-1935-6 when United Kingdom machinists normally supplied fully 80 per cent. of Indian requirements. Competition from Germany in renewals will probably remain severe, as many of the sugar-producing companies have very little capital and are tempted by the lowest-priced plant. The competition of local engineering works for most simple items of spares and renewals is certain to increase.

Tea Machinery.—Imports suffered a heavy fall after the material advance in the previous year.

1933-4.	1934-5.	1935-6.
Rs.12,28,533.	Rs.22,34,134.	Rs.12,62,920.

These figures compare very unfavourably with a normal pre-slump average import of well over Rs.30 lakhs per annum. The confidence created by the inauguration of the Tea Restriction Scheme in 1933-4 resulted in the expansion of 1934-5, but the companies are not at present disposed to go in for extensions to their equipment. The imports are almost exclusively drawn from the United Kingdom. In 1934-5 nearly Rs.2 lakhs worth was obtained from Ceylon and Rs.43,000 from Sweden.

Typewriters.—So long as United Kingdom manufacturers of typewriters are not disposed to establish their own marketing organisations in India, they cannot expect to secure a much larger share than that disclosed by the following table :—

Countries of Origin.	1934-5.		1935-6.	
	No.	Value (Rs.).	No.	Value (Rs.).
United Kingdom... ..	219	27,759	429	65,516
U.S.A.	14,487	15,09,867	13,675	14,96,446
Other Countries	519	59,268	1,768	1,69,947
Total	15,225	15,96,894	15,872	17,31,909

In 1934-5, Germany supplied Rs.49,000. Their shipments have probably increased during the past year.

Other Sorts of Machinery.—This heading includes all types of machinery and plant not specially classified in the Customs Returns. The total values were :—

1933-4.	1934-5.	1935-6.
Rs.1,56,35,149.	Rs.1,87,06,414.	Rs.2,50,81,123.

In 1934-5 the United Kingdom contributed 60 per cent., the U.S.A. 17 per cent. and Germany 12 per cent. Imports from Japan show steady growth but only amounted to 1½ per cent.

Iron and Steel.—The following statement giving the total imports of iron and steel into India during the past three years shows distinct signs of a revival of purchasing power. It synchronised with an increased output by the Tata Iron & Steel Co. of 115,000 tons in 1935-6 compared with 1933-4. There has been a continuous decline in the tonnage imported from 1,197,000 tons in 1927-8 to a low level of 326,000 tons in 1932-3, but the figures for the past three years show a marked improvement.

Total Imports.	1933-4.	1934-5.	1935-6.
	Tons.	Tons.	Tons.
Iron	5,176	6,313	2,922
Steel	80,335	89,007	92,233
Iron or Steel	243,575	274,752	354,284
Total	329,086	370,072	449,439

The main increases in tonnage occurred under the heads of wrought tubes, pipes and fittings; hoops and strips; galvanised and plain sheets; structural steelwork; nails, rivets and washers; bolts and nuts; tinplates and screws. Imports of steel bars and wire nails were lower.

Production and Development of the Tata Iron and Steel Works.—

I am indebted to the Tata Iron & Steel Company, Limited, for the following authoritative statement showing the production and the main items of development at Jamshedpur during the year ended 31st March, 1936.

Production of Pig Iron :—

Production of Pig Iron :—				Tons.
Number of Furnaces in existence on 31.3.1936 ...	...	...	...	5
Pig Iron Production ... ..	...	...	...	899,625
Pig Iron used in Works ... ..	...	...	...	833,607
Ferro Manganese produced for Works' use ... ..	...	...	...	7,606

Furnaces and Converters :—

						No. in existence on 31.3.1936.
Furnaces and Converters :—						
Bessemer Converters (acid)	...	...	...	...	...	3
Open Hearth Furnaces (basic)	...	...	...	...	...	10

Production of Ingots :—

<i>Production of Ingots :—</i>							<i>Tons.</i>
Open Hearth Basic...	...	...	...	...	...	...	293,475
Duplex Basic .....	...	...	...	...	...	...	586,233

Rolling Mills :—

							No. in existence on 31.3.1936.
<i>Rolling Mills :—</i>							
Cogging Mill	...	...	...	...	...	...	1
35-in. Roughing Mill	...	...	...	...	...	...	1
Rail and Heavy Section Mill	...	...	...	...	...	...	1
Plate Mill	...	...	...	...	...	...	1
Light Section, Bar and Merchant Mills	...	...	...	...	...	...	4
Sheet Bar and Billet Mill	...	...	...	...	...	...	1
Sheet Mills	...	...	...	...	...	...	8

Production of semi-Finished Steel :—

Production of semi-Finished Steel :—					Tons.
(a) Blooming Mill ... ..	...	...	...	...	754,886
(b) Sheet bar and Billet Mill :—					
(1) Billets ... ..	...	...	...	{ Rolled from Blooms produced on the Blooming Mill shown above.	229,924
(2) Sheet Bars and Sleeper Bars	...	...	...		150,991
(3) Tin Bars and Wide Flats ...	...	...	...		75,981

Production of Steel for Sale :—

Rails 50 lbs. and over (first-class only)	64,268
Rails 30 lbs. and under (first-class only)... ..	757
Fishplates (first-class only)	2,814
Angles, Channels and Tees	65,175
Beams	89,364
Rounds, Squares, Flats, Octagons and Tie Bars	98,118
Plates	46,129
Sheets $\frac{1}{8}$ in. and under, other than Galvanised sheets	40,465
Galvanised Sheets	75,235
Blooms and Billets for sale and Kumardhubi	72,128
Sleepers and Crossing Sleeper bars	16,446

	Tons	570,899
<i>Plus</i> Tin Bars, Sleeper Bars, Sheet Bars, etc. for sale ...	...	75,349

Total Tons	646.248
------------	---------

The main items of new plant completed during the year were :—

(1) New Sulphuric acid plant (contact process) came into operation on 24th July, 1935.

(2) New Sheet Mill unit No. II came into operation in March, 1935. Brief description of the mill is as follows :—

- 1 Gas fired continuous Pair furnace.
- 1 Three high Roughing Mill equipped with automatic feeding and catching table.
- 1 Finishing Mill.
- 1 Gas fired continuous Pack furnace.
- 1 Automatic Run-out table.
- 1 Cooling Conveyor.
- 1 Mechanical Doubler.
- 1 Electrically Driven incline conveyor.
- 2 Squaring shears, etc.

(3) Installation of the Plate Mill Normalizing Plant was completed during the year.

(4) Electric Furnace (Steel Foundry) came into operation on 25th March, 1936.

The main items of new plant under construction, but not completed, at the end of the year were :—

(1) Battery of Coke-ovens with complete screening plant and bye-product plant.

(2) Blast Furnace in replacement of old furnace completely dismantled.

(3) Power station with one generator unit of 27,500 K.W. capacity (m.c.r.).

The total of saleable steel compares with an aggregate of 531,195 tons in 1933-4. Within the two years the production of beams rose by 22,483 tons; rounds, flats, squares, octagons and tie bars by 10,000 tons; plain sheets by 15,931 tons; galvanised sheets by 16,101 tons; blooms and billets by 36,057 tons; sleepers and crossing sleeper bars by 12,859 tons.

Projected Steelworks Extensions in India.—Negotiations have, for some time, been taking place between the Tata Iron & Steel Company and the other producers of pig iron in India, viz., the Indian Iron & Steel Co., Ltd., and the Bengal Iron Co., Ltd., with a view to the possible extension of India's steel production by a further 200,000 tons. Although these negotiations are not concluded, it is considered likely that a steelworks may be erected alongside the Indian Iron & Steel Company's blast-furnaces at Hirapur. Statements have appeared in the press to the effect that the projected production programme includes 70,000 tons of sections and bars, 50,000 tons of sheets, 25,000 tons of hoops, 15,000 tons

of welded tubes and 10,000 tons of forgings. Although no authoritative statement can yet be made, it is practically certain that a new steelworks with an approximate total production of roundly 200,000 tons will be erected in India in the course of the next few years. Should the present negotiations fall through, it is understood that the Tata Company are contemplating the addition of such a works to their present undertaking. The restrictive effects on the import trade of such expansion cannot fail to be most serious. As the imports of sheets, hoops and welded tubes are so largely in the hands of United Kingdom producers, there is little doubt that the United Kingdom steel industry will be the principal sufferer.

Origin of the Imports of Iron and Steel.—The following statement shows the chief sources of supply of iron and steel with the percentage share of each country :—

	United Kingdom.		Germany.		Belgium.		France.		U.S.A.		Other Countries.		Total.
	Tons (thousand)	Share. Per cent.	Tons (thousand)	Share. Per cent.	Tons (thousand)	Share. Per cent.	Tons (thousand)	Share. Per cent.	Tons (thousand)	Share. Per cent.	Tons (thousand)	Share. Per cent.	Tons (thousand)
1913-4	609	59.8	200	19.6	173	17.0	2	0.1	22	2.2	12	1.3	1,018
1921-2	280	45.7	60	9.8	160	26.1	9	1.5	84	13.7	20	3.2	613
1922-3	359	48.1	90	12.1	229	30.7	7	1.0	38	5.1	23	3.0	746
1923-4	429	56.7	61	8.0	217	28.7	5	0.5	18	2.4	26	3.7	756
1924-5	439	50.5	88	10.1	273	31.4	16	1.8	17	2.0	36	4.2	869
1925-6	489	55.3	69	7.8	229	25.9	45	5.1	23	2.6	29	3.3	884
1926-7	406	48.1	79	9.3	257	30.4	33	3.9	29	3.4	41	4.9	845
1927-8	685	57.2	79	6.6	316	26.4	48	4.0	16	1.4	53	4.4	1,197
1928-9	650	55.5	70	6.0	333	28.5	54	4.6	18	1.5	45	3.9	1,170
1929-30	486	49.9	53	6.0	312	32.1	35	3.6	16	1.6	66	6.8	973
1930-1	269	43.8	44	7.2	207	33.7	29	4.7	15	2.4	50	8.2	614
1931-2	164	44.2	26	7.0	118	31.8	16	4.3	5	1.4	42	11.3	371
1932-3	140	43.0	22	6.7	104	31.9	12	3.7	2	0.6	46	14.1	326
1933-4	166	50.5	23	7.0	72	21.9	13	4.0	2	0.6	53	16.0	329
1934-5	182	49.2	32	8.6	74	20.0	12	3.2	3	0.8	67	18.2	370
1935-6	215	47.9	68	15.2	90	20.0	16	3.6	5	1.1	55	12.2	449

The next statement shows the principal headings under which competition was encountered in 1935-6 :—

<i>Description.</i>	<i>From the United Kingdom. Tons.</i>	<i>From Belgium. Tons.</i>	<i>From Germany. Tons.</i>	<i>From other sources. Tons.</i>	<i>Total Imports. Tons.</i>
Steel Bars (other than Cast Steel)	21,760	12,249	4,822	*	54,476
Beams, Channels, Pillars, Girders and Bridgework	16,079	4,861	6,337	†	28,687
Nuts and Bolts	2,400	3,828	5,254		12,615
Hoops and Strips	13,498	14,715	6,545		46,921
Nails, Rivets and Washers ...	5,116	2,369	4,177	‡	15,942
Cast Pipes and Fittings ...	1,273	—	—		1,357
Galvanised Sheets and Plates	55,969	10,079	—	\$	73,203
Tinned Plates	5,428	—	78	||	6,529
Sheets and Plates not galvanised or tinned	26,638	7,295	—		37,363
Wrought Tubes, Pipes and Fittings	29,550	1,580	27,322	¶	62,119
Wire Nails	223	6,984	1,301	**	15,274
Wire Rope	2,061	—	—		3,018
Rails, Chairs and Fishplates ...	2,448	105	—		7,853
Sleepers and keys of steel or iron for railways	4,088	—	—		4,526
Fencing Material (including Fencing Wire)	989	849	2,202		8,821

* From Luxemburg 7,310 tons and France 7,229 tons.

† From France 1,157 tons.

‡ From Sweden 1,580 tons, Norway 1,797 tons, and Czechoslovakia 401 tons.

\$ From Japan 6,578 tons.

|| From Italy 655 tons.

¶ From Japan 1,375 tons, Poland 614 tons, the U.S.A. 609 tons, France 412 tons, and Czechoslovakia 407 tons.

** From Japan 5,179 tons.

The United Kingdom share has increased under almost every item, largely due to the effect of the differential duties vis-à-vis foreign suppliers. The advance has been most marked in structural steelwork, steel bars, tubes and pipes and tinplates. Imports from Germany are increasing at the expense of those from Belgium. Japanese competition is now severe in galvanised sheets and wire nails and is also increasing in tubes.

The following brief comments under each heading analyse the competitive position in 1935-6 as compared with the previous year :—

Bars (other than cast steel).—Although the total imports fell from 62,634 tons valued at Rs.69 lakhs to 54,476 tons valued at Rs.62 lakhs, there has been a more satisfactory increase in United Kingdom imports from 18,159 tons (Rs.27 lakhs) to 21,760 tons (Rs.33 lakhs). Imports from Belgium dropped from 25,250 tons (Rs.23 lakhs) to 12,249 tons (Rs.10 lakhs), Luxemburg from 10,972 tons (Rs.9 lakhs) to 7,310 tons (Rs.5½ lakhs). Imports from Germany rose from 2,891 tons (Rs.2¼ lakhs) to 4,822 tons (Rs.4½ lakhs), and France from 2,808 tons (Rs.2½ lakhs) to 7,229 tons (Rs.6 lakhs).

Beams, Channels, Pillars, Girders and Bridgework.—The aggregate trade rose from 22,273 tons (Rs.23½ lakhs) to 28,687 tons (Rs.31 lakhs) and here, again, it is satisfactory to note that the increased imports from the United Kingdom accounted for the improvement. United Kingdom shipments rose from 9,882 tons (Rs.13 lakhs) to 16,079 tons (Rs.21 lakhs), those from Germany from 4,395 tons (Rs.3½ lakhs) to 6,337 tons (Rs.5 lakhs). Imports from Belgium, on the other hand, fell from 5,826 tons (Rs.5 lakhs) to 4,861 tons (Rs.4 lakhs).

Bolts and Nuts.—A satisfactory expansion is recorded from 10,152 tons (Rs.28½ lakhs) to 12,615 tons (Rs.32 lakhs). Imports from the United Kingdom rose from 1,994 tons (Rs.8 lakhs) to 2,400 tons (Rs.9 lakhs). Imports from Germany rose from 1,773 tons (Rs.5½ lakhs) to 5,254 tons (Rs.12 lakhs). Arrivals from Japan rose from 266 tons (Rs.1 lakh) to 699 tons (Rs.2 lakhs). On the other hand, imports from Belgium fell from 4,242 tons (Rs.8 lakhs) to 3,828 tons (Rs.7 lakhs).

Fencing Materials (including Fencing Wire).—There was a slight improvement in the total volume of this trade, the imports rising from 7,253 tons (Rs.18 lakhs) to 8,821 tons (Rs. 18.1 lakhs). Imports from the United Kingdom dropped from 1,202 tons (Rs.4 lakhs) to 989 tons (Rs.3 lakhs), and those from Germany rose in quantity from 2,049 tons to 2,202 tons, while they fell in value from Rs.5½ lakhs to Rs.5 lakhs. Imports from Belgium fell from 972 tons (Rs.2 lakhs) to 849 tons (Rs.1½ lakhs).

Hoops and Strips.—The improvement in the jute and cotton baling industries finds evidence in the increase in the total imports from 34,480 tons (Rs.45 lakhs) to 46,921 tons (Rs.57 lakhs). The United Kingdom share remained stationary at 13,500 tons valued at Rs.20 lakhs. On the other hand, imports from Germany rose from 3,945 tons (Rs.5½ lakhs) to 6,545 tons (Rs.8 lakhs), those from Belgium from 9,955 tons (Rs.12 lakhs) to 14,715 tons (Rs.16 lakhs) and " other countries " from 7,085 tons (Rs.8½ lakhs) to 12,163 tons (Rs.12½ lakhs).

Nails, Rivets and Washers (other than Wire Nails).—The aggregate imports rose from 12,155 tons (Rs.32 lakhs) to 15,942 tons (Rs.40 lakhs). The imports from the United Kingdom advanced satisfactorily from 4,430 tons (Rs.11 lakhs) to 5,116 tons (Rs.12 lakhs). Imports from Belgium fell from 2,760 tons (Rs.4¾ lakhs) to 2,369 tons (Rs.4.74 lakhs). On the other hand, arrivals from Germany rose from 566 tons (Rs.2 lakhs) to 4,177 tons (Rs.8 lakhs), those from Norway from 1,450 tons (Rs.3½ lakhs) to 1,797 tons (Rs.4¼ lakhs) and from Sweden from 1,423 tons (Rs.6¼ lakhs) to 1,580 tons (Rs.7¾ lakhs).

Cast Pipes and Fittings.—This trade fell from 1,581 tons (Rs.6.9 lakhs) to 1,357 tons (Rs.6.8 lakhs). The United Kingdom tonnage was reduced from 1,455 tons to 1,273 tons but the value remained stationary at Rs.6.4 lakhs.

Rails, Chairs and Fishplates.—The trade grew from 5,290 tons (Rs.7½ lakhs) to 7,853 tons (Rs.7.8 lakhs). Arrivals from the United Kingdom slumped heavily from 5,165 tons (Rs.7¼ lakhs) to 2,448 tons (Rs.4½ lakhs). Imports from "other countries", however, rose from 125 tons valued at Rs. .2 lakh to 5,405 tons valued at Rs.3½ lakhs.

Screws.—The imports rose from 1,657 tons (Rs.7½ lakhs) to 2,333 tons (Rs.10½ lakhs). The United Kingdom increased her share from 437 tons (Rs.2 lakhs) to 638 tons (Rs.3 lakhs), Sweden from 549 tons (Rs.2½ lakhs) to 897 tons (Rs.4 lakhs) and Belgium from 170 tons (Rs.¾ lakh) to 289 tons (Rs.1¼ lakhs).

Galvanised Sheets and Plates.—Notwithstanding very severe competition from the local industry, the total imports rose from 58,816 tons (Rs.111 lakhs) to 73,203 tons (Rs.130 lakhs). The share of the United Kingdom rose from 52,764 tons (Rs.100 lakhs) to 55,969 tons (Rs.102 lakhs). Arrivals from Belgium advanced from 1,902 tons (Rs.3 lakhs) to 10,079 tons (Rs.14½ lakhs) and it is noteworthy that the share of Japan increased from 2,742 tons (Rs.5½ lakhs) to 6,578 tons (Rs.12 lakhs).

Sheets and Plates (not galvanised or tinned).—Here, again, the total imports grew from 31,443 tons (Rs.42½ lakhs) to 37,363 tons (Rs.48½ lakhs). Arrivals from the United Kingdom advanced from 25,747 tons (Rs.36 lakhs) to 26,638 tons (Rs.38 lakhs). Imports from Belgium also rose from 3,537 tons (Rs.4 lakhs) to 7,295 tons (Rs.7 lakhs) and the share of "other countries" was increased from 2,159 tons (Rs.2½ lakhs) to 3,430 tons (Rs.3¾ lakhs).

Tinned Plates.—Notwithstanding the heavy production in Indian works, the total trade rose from 5,586 tons (Rs.17 lakhs) to 6,529 tons (Rs.20 lakhs). The United Kingdom share advanced from 3,885 tons (Rs.12 lakhs) to 5,428 tons (Rs.17 lakhs), while that of Germany declined from 356 tons (Rs.1 lakh) to 78 tons (Rs.¼ lakh). Imports from Italy fell from 852 tons (Rs.2½ lakhs) to 655 tons (Rs.2 lakhs) and from "other countries" from 493 tons (Rs.1¼ lakhs) to 368 tons (Rs.1 lakh).

Sleepers and Keys of Steel or Iron for Railways.—The total imports rose from 4,263 tons (Rs.6½ lakhs) to 4,526 tons (Rs.7 lakhs). The United Kingdom supplied virtually the whole of this trade and although the quantity supplied by her fell slightly in quantity from 4,095 tons to 4,088 tons there was an increase in value from Rs.6.34 lakhs or Rs.6.62 lakhs.

Wrought Tubes and Fittings.—The collapse of the European Cartel with the consequent break in prices created an abnormal increase in the total imports, from 34,922 tons valued at Rs.89 lakhs to 62,119 tons valued at Rs.112 lakhs. Arrivals from the United Kingdom nearly doubled, from 15,333 tons to 29,550 tons, but the drop in prices is shown by a lesser increase in value from Rs.46 lakhs to Rs.60 lakhs. One of the noteworthy features of the year was the increase in imports from Germany from 6,773 tons (Rs.14½ lakhs) to 27,322 tons (Rs.39 lakhs). Imports from Japan rose from 1,146 tons (Rs.4 lakhs) to 1,375 tons (Rs.5 lakhs), while those from Poland fell from 3,784 (Rs.7 lakhs) to 614 tons (Rs.1 lakh). Imports from the U.S.A. dropped from 1,826 tons (Rs.4 lakhs) to 609 tons (Rs.2 lakhs), while those from Belgium rose slightly from 1,210 tons to 1,580 tons, but fell in value from Rs.3 lakhs to Rs.2½ lakhs. Other countries supplied negligible proportions.

Wire Nails.—The aggregate imports fell slightly from 15,653 tons valued at Rs.24 lakhs to 15,274 tons valued at Rs.22 lakhs. The share of the United Kingdom was trifling. The imports from Belgium, however, rose from 5,262 tons (Rs.8 lakhs) to 6,984 tons (Rs.10 lakhs), while those from Germany declined from 1,636 tons (Rs.2½ lakhs) to 1,301 tons (Rs.2 lakhs). Imports from Japan also fell from 6,813 tons (Rs.10 lakhs) to 5,179 tons (Rs.7 lakhs) and those from "other countries" from 2,279 tons (Rs.3½ lakhs) to 1,587 tons (Rs.2½ lakhs).

Wire Rope.—A slight decrease is to be recorded in this trade, from 3,155 tons (Rs.15½ lakhs) to 3,018 tons (Rs.15 lakhs). The share of the United Kingdom fell from 2,580 tons (Rs.13¼ lakhs) to 2,061 tons (Rs.11½ lakhs), whereas that of "other countries" advanced from 575 tons (Rs.2¼ lakhs) to 957 tons (Rs.3¼ lakhs).

Aluminium.—During the last pre-depression year of 1929-30 the total imports of aluminium in all its forms amounted to Rs.142 lakhs. Imports suffered severely from the reduction in purchasing power and reached their nadir at Rs.22 lakhs in 1932-3. Since then there has been a steady advance each year to the present total of Rs.45 lakhs.

	1934-5.		1935-6.	
	Cwts.	Rs. (lakhs).	Cwts.	Rs. (lakhs).
<i>Unwrought :—</i>				
Ingots, blocks, bars ...	96	*	143	†
<i>Wrought :—</i>				
Circles	41,171	28	51,990	34.5
Sheets	2,416	1.5	2,710	2
Other manufactures ...	8,784	8.5	8,673	8.5
Total Imports ...	52,467	38	63,516	45

* Rs. 6,559.

† Rs. 8,625.

Particulars relating to the origin of the imports in 1935-6 are not yet available, but in 1934-5, of the circles, the United Kingdom supplied 47 per cent., Canada 28 per cent., Japan 19 per cent. and the U.S.A. 4 per cent. The United Kingdom and Canada now secure the share formerly taken by the U.S.A., while Japanese shipments show a tendency to increase. The relatively minor imports of sheets were drawn from the United Kingdom (63 per cent.), Canada (16 per cent.), Germany (15 per cent.) and the U.S.A. (4 per cent.). Imports of "other manufactures", comprising mainly wire and utensils, were drawn from the United Kingdom (32 per cent.), Germany (37 per cent.), Switzerland (13 per cent.) and Japan (6 per cent.).

Brass, Bronze and Similar Alloys.

Mixed or yellow metal for sheathing.—It is not surprising that yellow metal sheets, being the raw material of the common Indian household hollow-ware, should have been severely affected by the fall in purchasing power. The pre-depression imports in 1929-30 were valued at Rs.183 lakhs. The lowest record of import since then is Rs.106 lakhs in 1931-2, but after an improvement to Rs.143 lakhs in 1934-5, the past year witnessed a decline to Rs.107 lakhs.

Countries of Consignment.	1934-5.		1935-6.	
	Cwts.	Rs. (lakhs).	Cwts.	Rs. (lakhs).
United Kingdom ...	209,679	54	92,799	24
Germany ...	247,418	61	220,211	53
Japan ...	105,392	28	114,397	30
Other Countries ...	184	—	885	—
Total ...	562,673	143	428,292	107

In spite of the preferential margin of 10 per cent., enjoyed by the United Kingdom, German shippers can still underquote. It is probable that imports from Japan will displace both European suppliers in course of time.

Other Manufactures (wrought).—The imports were :—

	1934-5. Rs. (lakhs).	1935-6. Rs. (lakhs).
Rods ...	5	5.5
Sheets ...	2	1
Tubes ...	1	2
Wire ...	3	2
Other Sorts ...	14	16

Copper (Wrought).—The imports of wrought copper during the past two years have been as follows :—

	1934-5. Rs. (lakhs).	1935-6. Rs. (lakhs).
Sheets ...	105	78
Rods ...	19	19
Tubes ...	2	2
Wire (excluding telegraph and telephone wire) ...	2.5	2.5
Other manufactures ...	6	5

The next table gives the provenance of the imports :—

Countries of Consignment.	1934-5.		1935-6.	
	Cwts.	Rs. (lakhs).	Cwts.	Rs. (lakhs).
United Kingdom ...	192,325	59	104,152	32
Germany ...	108,745	30	152,073	42
Belgium ...	2,796	1	3,868	1
France ...	2,964	1	29	—
Japan ...	69,883	19	51,319	14
U.S.A. ...	93,708	24	63,925	17
Other Countries ...	629	—	162	—
Total ...	471,050	1,34	375,528	1,06

The outstanding features of the trade are the severity of German competition and the steady rise of Japan as a formidable competitor. The Indian Copper Corporation are steadily increasing their output of sheets at the Indian works.

German Silver (including Nickel Silver).—The trade rose by 50 per cent. during the year under review.

	1933-4.	1934-5.	1935-6.
Quantity (Cwts.) ...	17,244	16,855	27,371
Value (Rs. lakhs) ...	12	10	15

Railway Plant and Rolling Stock.—The classification of this item since 1928 makes comment more difficult. Rails and permanent-way material are now classified under iron and steel, locomotives appear under machinery (prime-movers) while carriages and wagons are included under vehicles.

State-operated Lines.—The only separately classified statistics appear in the Monthly Returns on which this Report is based, and are as follows :—

	1934-5.	1935-6.
	Rs. (lakhs).	Rs. (lakhs).
Carriages and parts for Railways...	5	9
Wagons and parts for Railways ...	1.5	1.5

In 1934-5, Rs.13½ lakhs worth of locomotives and parts were imported on account of State Railways, Rs.6 lakhs being drawn from the United Kingdom, Rs.2½ lakhs from Germany, Rs.2½ lakhs from Italy (probably in transit from Czechoslovakia) and Rs.2 lakhs from Belgium (probably in transit from Germany). Of the carriages and parts, Rs.2.3 lakhs were drawn from the United Kingdom, Rs.1.6 lakhs from Belgium and a small value from Germany. The meagre imports of special types of wagon parts were obtained from the United Kingdom (Rs.30,000), Belgium (Rs.61,000) and Germany (Rs.47,000).

Company-worked Lines.—The imports of railway material entering India as private merchandise on account of the Companies' lines were :—

Rails, Chairs and Fishplates.

Country of Origin.	1934-5.		1935-6.	
	Tons.	Rs. (lakhs).	Tons.	Rs. (lakhs).
United Kingdom... ..	5,165	7	2,448	4·5
Belgium	37	*	105	‡
Other Countries	88	†	5,300	3·5
Total	5,290	7·5	7,853	8

* Rs.9,359 † Rs.9,558 ‡ Rs.7,655

Sleepers and Keys of Steel or Iron for Railways.

Country of Origin.	1934-5.		1935-6.	
	Tons.	Rs. (lakhs).	Tons.	Rs. (lakhs).
United Kingdom... ..	4,095	6	4,088	6·5
Other Countries	168	0·5	438	0·5
Total	4,263	6·5	4,526	7

Railway Locomotive Engines and Tenders and Parts.

Country of Origin.	1934-5. Rs. (lakhs).	1935-6. Rs. (lakhs).
United Kingdom	35	47
Germany	2	3
U.S.A.	1	0·5
Other Countries	5	5·5
Total	43	56

Railway Carriages and Parts.

Country of Origin.	1934-5. Rs. (lakhs).	1935-6. Rs. (lakhs).
United Kingdom	33	42·5
Germany	7·5	7·5
Belgium	4	6·5
Other Countries	6·5	8·5
Total	51	65

Railway Wagons and Parts.

<i>Country of Origin.</i>	<i>1934-5.</i>		<i>1935-6.</i>	
	<i>Rs. (lakhs).</i>		<i>Rs. (lakhs).</i>	
United Kingdom	21		37	
Germany	—		2.5	
Belgium	2		3	
Other Countries	1		.5	
Total	24		43	

The valuable imports of railway plant and rolling stock, which, in 1927-8, were valued at nearly Rs.5 crores, have been reduced to very small proportions. This is partly the result of the curtailment of capital expenditure and particularly of expenditure in sterling, which has been the policy of the Government of India for some years. Locomotives and parts of rolling-stock, such as wheels and axles, buffers, springs, brake gear, etc., are now the only items left to be imported. There are even projects for a locomotive works and a works for producing wheels and axles. Practically all the rails, wagons, underframes of coaching stock and most of the permanent-way material is now made in India.

Motor Cars.—The following table shows the progress of the trade over a period of years and gives the number of cars imported during each post-War year, with the pre-War and War totals for purposes of comparison :—

Year	<i>United Kingdom. U.S.A. Canada. France. Italy.</i>					<i>Other Countries. Total.</i>	
	<i>(a)</i>						
Year 1913-4 (pre-war)	1,669	868	—	111	7	225	2,880
War average (1914-5 to 1918-9) ...	537	1,681	—	49	28	22	2,317
Year 1919-20 ...	448	9,353	20	3	17	84	9,925
„ 1920-1 ...	2,541	10,120	1,938	192	218	423	15,432
„ 1921-2 ...	790	802	576	158	222	347	2,895
„ 1922-3 ...	449	1,386	1,846	61	131	450	4,323
„ 1923-4 ...	1,005	2,865	3,290	153	370	301	7,984
„ 1924-5 ...	1,682	3,106	3,956	215	235	186	9,380
„ 1925-6 ...	2,399	4,143	4,775	367	860	213	12,757
„ 1926-7 ...	2,546	4,030	4,476	607	1,416	122	13,197
„ 1927-8 ...	3,600	6,031	3,400	538	1,367	186	15,122
„ 1928-9 ...	3,645	10,145	4,366	277	967	167	19,567
„ 1929-30 ...	3,758	9,620	2,318	364	1,150	189	17,399
„ 1930-1 ...	2,885	5,098	3,250	261	917	190	12,601
„ 1931-2 ...	2,178	3,368	676	161	510	327	7,220
„ 1932-3 ...	3,958	1,201	296	84	226	436	6,201
„ 1933-4 ...	5,348	2,227	1,715	62	221	186	9,759
„ 1934-5 ...	6,311	5,564	2,057	26	267	209	14,434
„ 1935-6 ...	6,744	3,851	2,328	13	210	444	13,590

(a) The country of origin of many of the cars imported from the U.S.A. during the years previous to 1920-21 was Canada.

The emergence of the United Kingdom manufacturer as the principal supplier of motor cars is most encouraging when one considers that the American type of vehicle had, for so many years been considered the most suitable for Indian requirements, and that the mass production of such cars as the Chevrolet and Ford enable them to be sold at prices which attract the Indian purchaser with his limited income. The present position is mainly due to the fact that the Indian car-owner is now paying greater attention to low running costs, the life of the vehicle, and its second-hand selling value, all points which are in favour of the smaller horse-power United Kingdom vehicle. The reduction, some two years ago, in the horse-power tax in the United Kingdom has undoubtedly stimulated the production of greater numbers of higher-powered vehicles for the home market and has enabled the home manufacturer to produce suitable models and to scale down his prices to some extent in order to meet U.S.A. and Canadian competition in the market for 20-30 horse-power vehicles of which the up-country demand is mainly composed. The provenance of the imports was as follows :—

Country of Origin.	1934-5.		1935-6.	
	No.	Rs. (lakhs).	No.	Rs. (lakhs).
United Kingdom... ..	6,311	1,24	6,744	1,27
Germany	120	2.5	335	7
France	26	1	13	0.5
Italy	267	4.5	210	3
Canada	2,057	33	2,328	38
U.S.A.	5,564	93	3,851	74
Other Countries	89	1	109	1.5
Total	14,434	2,59	13,590	2,51

The rise in the United Kingdom's share from 43 per cent. to 50 per cent. in numbers and from 47 per cent. to just over 50 per cent. in values reflects credit on those manufacturers who have, for some years, been consolidating and extending their distributing organisations in India and who are now meeting Indian requirements as regards spare parts, repairs and general service. The $7\frac{1}{2}$ per cent. preference has helped to some extent, but the greatest stimulus has come from the growing realisation that the United Kingdom vehicle is excellent value. This is proved by a refreshing desire on the part of local firms of motor agents to hold good United Kingdom agencies; this is in sharp contrast with the position a few years ago and shows that the business is a lucrative one. Foreign competition is likely to become even more severe with the entry of German cars and diesel trucks in

increasing numbers at exceedingly low declared c.i.f prices. By means of special barter and exchange arrangements with certain Indian produce exporters, the importers of German vehicles are reported to be able to reduce their costs by a further 15 per cent. This competition is likely to increase and bids fair more than to offset the fall in imports from Italy. Imports from Canada continue to show expansion, largely due to the increasing sales of the latest Ford models. It is, however, satisfactory to note that the market for the lower horse-power Ford vehicles is being met from the Dagenham Works.

The enterprise of the Society of Motor Manufacturers and Traders in establishing their own Resident Representative and Intelligence Organization in India is an excellent departure and should provide valuable assistance to the United Kingdom manufacturer and Factory Representative. As I have repeatedly stated, the Indian market is potentially one of the greatest in the Empire and will amply repay all the attention and care that can be given to it. There is no doubt that, as the present depression gradually lifts, the expansion of motor transport in India will proceed at an accelerated pace.

The following statement shows the numbers of motor vehicles registered in British India on the 31st March, 1936 :—

<i>Provinces.</i>	<i>Motor cars including taxi-cabs.</i>	<i>Motor cycles including scooters and auto wheels.</i>	<i>Heavy motor vehicles (lorries, buses, etc.).</i>	<i>Total.</i>
	<i>Number.</i>	<i>Number.</i>	<i>Number.</i>	<i>Number.</i>
Bengal Presidency (excluding Calcutta and Howrah Town)	3,852(a)	277	1,668(a)	5,797(a)
Calcutta including Howrah Town (b)	14,794	862	3,097	18,753
Bombay City	10,870	500	1,230	12,600
Bombay Presidency (excluding Bombay City and Sind)	12,040	800	100	12,940
Madras City	4,291	457	548	5,296
Madras Presidency (excluding Madras City)	8,461	1,397	6,433	16,291
United Provinces (b)	13,661	1,739	3,840	19,240
Punjab	7,863	1,573	7,123	16,559
Burma	11,691	1,102	6,095	18,888
Bihar and Orissa	5,855	486	1,197	7,538
Central Provinces and Berar ...	3,670	684	1,895	6,249
Sind	2,373	405	170	2,948
Delhi Province	2,174	195	770	3,139
N.W.F. Province (c)	4,783	1,637	3,530	9,950
Ajmere-Merwara	695	76	190	961
Assam (d)	2,492	221	1,950	4,663
Total	109,565*	12,411	39,836	161,812

(a) Excludes 3 motor cars and 27 heavy motor vehicles registered in Tripura State but plying mostly in British Territory.

(b) For the year ending 31st December, 1935.

(c) Registered up to 31st March, 1936.

(d) Registered up to 31st December, 1935.

Motor Omnibuses, Vans and Lorries.—The United Kingdom exporter has, unfortunately, not been so successful in catering for the valuable market for light and comparatively high-powered truck chassis for buses and general transport use. Wherever transport companies are operated on modern lines, with due attention to maintenance and repairs, the United Kingdom heavy truck holds its own, but—apart from a few large cities—the Indian transport owner possesses little capital and usually purchases light trucks of the Chevrolet, Dodge or Ford type on the hire-purchase system, runs them to death and scraps them after a couple of years, thus avoiding the necessity for any repair and maintenance organization. The reduced horse-power tax in the United Kingdom will, it is hoped, give a fillip to the production of this type of vehicle at competitive prices. Once the suitable type of vehicle has been designed at the right price, concentrated effort and the most strenuous marketing exertions will be required to make headway. The market is worth the effort, but the difficulties should not be under-rated. In the heavier weights of lorries, United Kingdom vehicles enjoy a high reputation and are found to be eminently suitable: it is satisfactory to note that they are being increasingly used in transport services in some of the States and are giving great satisfaction. They also find a valuable outlet for army requirements.

Countries of Consignment.	1934-5.		1935-6.	
	No.	Rs. (lakhs).	No.	Rs. (lakhs).
United Kingdom ...	1,171	25.5	982	31
Canada ...	2,058	25.5	2,335	31
U.S.A. ...	6,559	67.5	5,051	54
Other Countries ...	185	2.5	102	4
Total ...	9,973	1,21	8,470	1,20

The reduced numbers and increased values of United Kingdom vehicles reflect the import of a greater number of heavy trucks than in 1934-5. Canadian imports of trucks, as of cars, have risen at the expense of the U.S.A.

Motor Cycles.—Before the depression in 1929-30, the imports of motor cycles totalled 1,956 machines valued at Rs.11 lakhs. The depression, however, resulted in greatly reduced purchasing power among the class of Europeans, Anglo-Indians and Indians, who normally buy motor cycles. Consequently, there has been a steady decline in imports. The lowest point was reached in 1933-4 with 700 machines (Rs.3.26 lakhs). 1934-5 showed a rally to 794

machines (Rs.3.8 lakhs), but imports last year were only 734 machines valued at Rs.3.27 lakhs.

Countries of Consignment.	1934-5.		1935-6.	
	No.	Rs. (lakhs).	No.	Rs. (lakhs).
United Kingdom ...	675	3.38	554	2.75
Other Countries ...	119	.42	180	.52
Total ...	794	3.8	734	3.27

In 1934-5, "Other Countries" included Germany with 56 machines (Rs.14,551) and the U.S.A. with 17 machines (Rs.14,127). German competition increases slowly and U.S.A. machines of the "Indian" and "Harley Davidson" types are still largely used for police work in India.

Cycles (other than motor cycles and parts thereof) and accessories.

—In 1928-9, before the slump, Rs.129 lakhs worth (roundly £1 million) of cycles, etc., were imported. Imports rapidly fell to Rs.80 lakhs in 1932-3, but thenceforth there has been a steady increase to Rs.89 lakhs in 1933-4, Rs.99 lakhs in 1934-5 and Rs.110 lakhs in the year under review. This shows remarkable resilience in the purchasing power of the urban population in spite of the depression. The figures are :—

	1933-4.	1934-5.	1935-6.
	No.	No.	No.
Cycles imported entire or in sections ...	88,624	106,286	133,595
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
Value of parts of Cycles and accessories (excluding rubber tyres) ...	64	69	71

The aggregate imports of cycles, parts and accessories were drawn as follows :—

Countries of Origin.	1933-4. Rs. (lakhs).	1934-5. Rs. (lakhs).	1935-6. Rs. (lakhs).
United Kingdom ...	63	70	83
Germany ...	6	8	8
Japan ...	18.5	19	16
Other Countries ...	1.5	2	3
Total ...	89	99	1,10

The steady improvement in the United Kingdom share from 71 to 75 per cent. reflects the reputation of its machines for style, durability and value for money. It is satisfactory to note that competition from Japan (mostly in imported parts and accessories)

is slowly being overcome while German competition is being held. Japanese components are imported at phenomenally low prices and are assembled locally. Imports of complete Japanese machines at prices attractive to the buyer also show an increase, but the quality and long life of the United Kingdom product appeals to the Indian clerks and middle classes in the towns. United Kingdom machines have the added advantage that they enjoy a 10 per cent. customs preference. In 1934-5 "Other Countries" included Holland (probably goods in transit from Germany) (Rs.2 lakhs) and Italy (Rs.18,000).

Provisions.—This valuable trade has been restricted by the reduced purchasing power of the industrial and urban population, which constitutes the principal consumers. In the peak year of 1927-8 total imports were over Rs.640 lakhs. They fell to Rs.272 lakhs in 1933-4, but improved to Rs.289 lakhs in the following year and to Rs.312 lakhs in 1935-6. In 1927-8, however, the total included Rs.192 lakhs worth of vegetable products (vegetable ghee, vegetable fats, or solidified vegetable oils as they are popularly known). Owing partly to the development of local manufacture and partly to the political agitation against their use, imports have been practically discontinued, the total in 1935-6 being only Rs.1½ lakhs worth. When this fact is considered, the trade in what might be considered as quasi-luxury articles has been remarkably well maintained.

<i>Countries of Consignment.</i>	<i>1934-5. Rs. (lakhs).</i>	<i>1935-6. Rs. (lakhs).</i>
United Kingdom	1,61	1,78
Netherlands	25	25
Straits Settlements	25	27
China (including Hongkong)	11	10
U.S.A.... ..	15	18
Australia	12	12
Other Countries	40	42
Total Imports	<u>2,89</u>	<u>3,12</u>

It seems reasonable to assume that it is partly owing to the benefit of the 10 per cent. preference that United Kingdom suppliers have been able to improve their share from 55 per cent. to 57 per cent. and to add Rs.17 lakhs to the value of their shipments. If non-competitive trade (such as vegetable product and the imports of oriental produce from the Straits Settlements and China) be eliminated, we find that the United Kingdom supplies no less than 65 per cent. As the purchasing power of India rises and her wants become more diversified, we may expect this lucrative trade to show considerable expansion and to provide a still more valuable outlet for

United Kingdom packers. A study of the following table of articles included under the general heading shows that the improvement last year was evenly spread over the several items :—

<i>Principal articles.</i>	<i>1934-5.</i>	<i>1935-6.</i>
	<i>Rs. (lakhs).</i>	<i>Rs. (lakhs).</i>
Bacon and Hams	11	12
Biscuits and Cakes	33	36
Butter	6	7
Canned or bottled fruits	11	11
Tinned or canned fish	11	14
Vegetable Product	1	1.5
Other canned or bottled provisions	36	38
Cheese (including canned)	8.5	7.5
Cocoa and Chocolate	3.5	3
Confectionery	18	21.5
Farinaceous foods in bulk	29	27
Milk foods for infants and invalids	14	16.5
Other farinaceous foods	28	30
Jams and Jellies	6	7
Milk, condensed and preserved (including milk cream)... ..	48	54
Pickles, chutnies, sauces and condiments	7	7

Liquors.—Ale, Beer and Porter.—The subjoined table gives the imports, both quantities and values, during the past two years :—

Countries of Consignment.	1934-5.		1935-6.	
	Gallons.	Rs. (lakhs).	Gallons.	Rs. (lakhs).
United Kingdom	2,249,738	45	2,208,551	47
Germany	365,419	10	450,279	12
Netherlands... ..	411,035	9	492,178	10
Japan	487,635	5	599,055	6
Other Countries	78,874	2	117,312	3
Total	3,592,701	71	3,867,375	78

Before the depression, in 1928-9 total imports were 4,863,526 gallons valued at Rs.111 lakhs. When one considers the enhanced taxation, the restricted purchasing power of the European and Anglo-Indian communities, the reduced demand from British troops and the competition from Indian breweries in the Hills, the fall in imports to the lowest level of Rs.69 lakhs in 1933-4 is not surprising. The expansion during the past two years is most satisfactory. In 1934-5, 2,486,128 gallons of beer were imported in bottle, of which the United Kingdom supplied 1,163,745 gallons, Japan 486,753 gallons, Holland 404,131 gallons and Germany 364,648 gallons. Light Dutch beers are, to some extent, displacing the United Kingdom and German lager beers while Japanese competition is increasingly severe and affects Indian brewings. Of the

beer imported in bulk, amounting to 993,346 gallons, the United Kingdom supplied 98 per cent., only trifling quantities being drawn from Holland and Belgium. The imports of stout and porter, amounting to 109,457 gallons were almost entirely drawn from the United Kingdom. United Kingdom exporters enjoy preferential duties but their percentage has fallen from 63 to 60 in face of more acute German and Dutch competition. The average value of imported German beer was Rs.2.6 per gallon, Dutch Rs.2.15 per gallon and Japanese Rs.1.02 per gallon as compared with Rs.2.13 per gallon (say 3s. 2d.) in the case of the United Kingdom.

Spirits.—The following table shows the quantities and values of the principal kinds of spirit imported into India :—

Description.	1934-5.		1935-6.	
	Gallons.	Rs. (lakhs).	Gallons.	Rs. (lakhs).
Brandy	123,403	19	129,340	20
Gin	92,661	8	90,494	8
Liqueurs	10,960	2	12,721	3
Rum	2,236	*	2,277	†
Whisky	335,888	56	353,588	59
Spirit present in drugs ...	119,262	36	131,254	38
do. perfumed ...	7,445	7	6,966	7
do. denatured ...	413,429	6	296,405	3
Other Sorts	23,978	8	28,057	9

* Rs. 15,877.

† Rs. 21,031.

The next table gives the countries of origin of all spirits :—

Countries of Consignment.	1934-5.		1935-6.	
	Gallons.	Rs. (lakhs).	Gallons.	Rs. (lakhs).
United Kingdom... ..	503,002	92	522,032	97
Germany	13,687	4	13,637	4
France	134,097	24	144,142	25
Java	410,745	5	298,690	3
U.S.A.	46,436	13	53,144	16
Other Countries	21,295	5	19,457	3
Total	1,129,262	1,43	1,051,102	1,48

The effects of high taxation and reduced purchasing power are shown by the reduction to less than one-half of the gallonage imported in 1929-30. In that year the United Kingdom share, by value, was 59 per cent. as compared with 65 per cent. in 1935-6.

Brandy is almost entirely drawn from France with small values of re-exported brandy from the United Kingdom and Germany. In 1934-5, of a total of 92,661 gallons of gin, the United Kingdom supplied 88,655 gallons and Holland 3,795 gallons. In the same year, the United Kingdom shipped 334,574, or practically the whole, of the total of 335,888 gallons of whisky imported. Spirit present in drugs was obtained from the United Kingdom (43 per cent.), the U.S.A. (34 per cent.), France (9 per cent.), Switzerland (5 per cent.) and Germany (3 per cent.). Perfumed spirit was drawn from the United Kingdom (52 per cent.), Germany (23 per cent.) and France (22 per cent.). Java supplies practically the whole of the spirit which is denatured at Indian Customs Houses before clearance.

Wines.—The relatively small imports of wines rose from 178,221 gallons valued at Rs.20 lakhs in 1934-5 to 187,912 gallons valued at Rs.21 lakhs in 1935-6. Of the total imports in the former year, France supplied 36 per cent., Spain 9 per cent., Italy 7 per cent. and Portugal 4 per cent. The United Kingdom contributed 31 per cent., representing re-exports from the four principal producing countries. The total of this luxury trade has declined by one-third from a pre-slump average of Rs.30 lakhs.

Paper and Pasteboard.—There has been a marked improvement in the import trade during the past two years, the total imports rising from 2,563,606 cwt. in 1933-4 to 2,935,242 cwt. the following year and 3,332,950 cwt. in 1935-6. The values rose from Rs.263 lakhs to Rs.273 lakhs and to Rs.299 lakhs in the year under review. These figures compare with a pre-depression total of 2,740,400 cwt. (Rs. 372 lakhs) in 1929-30.

		1913-4. (pre-war year).	1932-3.	1933-4.	1934-5.	1935-6.
		Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
United Kingdom ...	...	56.2	27.8	33.7	34.6	29.7
Norway ...	...	5.1	14.2	15.2	11.5	12.6
U.S.A. ...	...	.8	2.8	2.2	2.2	1.6
Sweden ...	...	3.2	14.5	12.7	13.2	13.8
Netherlands ...	...	2.5	4.9	4.3	4.4	3.9
Japan ...	...	1.0	5.6	4.7	3.9	3.9
Germany ...	...	17.3	10.5	7.7	9.6	19.1
Austria ...	...	8.3	10.1	9.7	7.8	4.8
Other Countries ...	...	5.6	9.6	9.8	12.8	10.6
Total ...	...	100	100	100	100	100

Packing and Wrapping Paper.—The imports showed a marked advance from 313,644 cwts. (Rs.38 lakhs) to 405,495 cwts. (Rs.53 lakhs) due to heavier shipments from Sweden, Germany, the United

Kingdom and Norway. The Scandinavian mills adjacent to ample supplies of cheap wood pulp can usually underquote the United Kingdom works operating on imported raw material. Arrivals from Germany are, in the main, of Swedish or Norwegian origin shipped via Hamburg.

Countries of Consignment.	1934-5.		1935-6.	
	Cwts.	Rs. (lakhs).	Cwts.	Rs. (lakhs).
United Kingdom ...	18,572	4	29,686	6
Sweden ...	174,869	20	215,443	25
Norway ...	24,515	2	30,924	4
Germany ...	24,901	3	72,273	10
Netherlands...	5,302	1	4,896	1
Austria ...	14,638	2	12,349	1
Other Countries ...	50,847	6	39,924	6
Total ...	313,644	38	405,495	53

Printing Paper.—The demand for printing paper grows apace and imports at 1,014,336 cwts. valued at Rs.96 lakhs are actually higher than the pre-slump peak quantity of 805,520 cwts. which, however, owing to higher prices was valued at Rs.123 lakhs.

Countries of Consignment.	1934-5.		1935-6.	
	Cwts.	Rs. (lakhs).	Cwts.	Rs. (lakhs).
United Kingdom ...	39,362	8	43,344	8
Sweden ...	80,719	7	59,816	5
Norway ...	207,535	16	270,740	21
Germany ...	73,505	9	320,619	30
Netherlands...	29,934	4	25,482	3
Belgium ...	4,271	1	5,714	1
Austria ...	135,595	13	93,487	9
Japan ...	2,217	*	8,946	2
Other Countries ...	185,443	17	186,188	17
Total ...	758,581	75	1,014,336	96

* 43,206 Rupees.

Here again, the United Kingdom is, for natural reasons, unable to make any progress against the competition of Scandinavia in newsprint and imports are negligible. In miscellaneous printing papers, the United Kingdom share in 1934-5 was 21 per cent., Germany providing 18 per cent., Austria 12 per cent., Holland 10 per cent., and Norway, Sweden, Czechoslovakia and Japan lesser proportions.

Writing Paper and Envelopes.—United Kingdom makers obtain a greater share under this head. The leading exporting firms are well organized with local branches and are holding their own against foreign competition, but find it difficult to compete with Indian mills, which enjoy a protection of $1\frac{1}{4}$ annas per lb. on writing paper. The statistics were :—

Countries of Consignment.	1934-5.		1935-6.	
	Cwts.	Rs. (lakhs).	Cwts.	Rs. (lakhs).
United Kingdom ...	32,625	14	32,387	15
Sweden ...	11,678	2	14,231	2
Norway ...	46,113	9	55,549	10
Germany ...	7,927	2	11,898	2
Netherlands...	6,621	1	7,148	1
Japan ...	477	*	1,238	†
Other Countries ...	27,440	5	24,772	4
Total ...	132,881	33	147,223	34

* Rs. 11,379

† Rs. 30,496

Miscellaneous.—

	1933-4.	1934-5.	1935-6.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
Old newspapers in bags and bales ...	41	45	42
Other kinds of Paper ...	29	29	20
Paper Manufactures...	13	17	16

The steady trade in over-issue newspapers has almost recovered to its 1929-30 total of Rs.46 lakhs. In 1934-5 the United Kingdom supplied 92 per cent. and the U.S.A. 7 per cent. "Other kinds" of paper were drawn from the United Kingdom (37 per cent.), Germany (17 per cent.), Sweden (8 per cent.), Norway (7 per cent.), Austria (7 per cent.) and Czechoslovakia (6 per cent.). Paper manufactures were drawn from the United Kingdom (55 per cent.), Japan (12 per cent.), Germany (8 per cent.), Sweden (7 per cent.), with small values from Austria, France and the Netherlands.

Chemicals and Chemical Preparations (excluding chemical manures and medicines).—The remarkable advance in the imports of chemicals still continues. The 1935-6 total of Rs.312 lakhs is nearly Rs.20 lakhs ahead of 1934-5, is Rs.64 lakhs above the 1928-9 pre-depression total, and no less than three times the value of the average of the last five pre-War years. This elasticity of the demand for chemicals is a sure sign of the progressive growth of the textile, paper, glass and numerous other Indian industries in which chemicals constitute a raw material of manufacture. It

is also a result of the ceaseless sales, service and research activities of the admirably organized United Kingdom and German Groups, whose representatives are constantly fostering demand and seeking new outlets. The expansion may be expected to continue as the industrialisation of India advances and the general depression lifts. The following statement shows the position of the principal countries during the years 1933-4 and 1934-5, the last years for which details of provenance are available :—

<i>Principal countries of Consignment.</i>	<i>1933-4. Rs. (lakhs).</i>	<i>1934-5. Rs. (lakhs).</i>
United Kingdom... ..	149	163
Germany	34	39
Italy	15	14
U.S.S.R.	2	1
Japan	23	30
U.S.A.	15	16
Netherlands	3	4
Belgium	4	3
Kenya Colony	5	4
Canada	1	2
Java	2	2
France	3	4
Total Imports (all sources)	2,70	2,92

The next table gives the percentage share of the principal countries of consignment over a series of years covering both the pre-War and post-War periods.

	1913-4 (pre-war year).	1914-9 (War average).	1929-30.	1930-1.	1931-2.	1932-3.	1933-4.	1934-5.	1935-6.
	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
United Kingdom
Germany
U.S.A.
Italy
Kenya Colony
Norway
Japan
Other Countries
Total

The upward tendency of the United Kingdom percentage during the past three years in face of most strenuous competition from Germany and the entry of Japan into the market for carbonate of soda, is a tribute to the activity and far-sighted policy of the leading United Kingdom group, who have maintained their position, kept foreign competition in check and aided the consumer at the cost of lower prices. Here again United Kingdom manufacturers enjoy preferential duties. Detailed figures of countries of origin for 1935-6 are not yet available for most items. The following position can be given for the two principal United Kingdom trades.

Carbonate of Soda.—

Origin.	1934-5.		1935-6.	
	Cwts.	Rs. (lakhs).	Cwts.	Rs. (lakhs).
United Kingdom ...	971,190	54	1,055,932	53
Other Countries ...	265,058	14	197,526	9
Total ...	1,236,248	68	1,253,458	62

It is most satisfactory to note that the United Kingdom has improved its position at the expense of other countries. In 1934-5 "Other Countries" included Japan (Rs.7 lakhs), Kenya Colony (Rs.4 lakhs) and the U.S.A. (Rs.2 lakhs). Japanese low prices have had to be met to some extent, but the measure of their competition has been taken.

Caustic Soda.—

Origin.	1934-5.		1935-6.	
	Cwts.	Rs. (lakhs).	Cwts.	Rs. (lakhs).
United Kingdom ...	293,924	33	337,469	35
Other Countries ...	83,709	9	68,506	6
Total ...	377,633	42	405,975	41

Here the United Kingdom producers have improved their position at the expense of their competitors. In 1934-5 "Other Countries" were the U.S.A. (Rs.5 lakhs) and Japan (Rs.3½ lakhs) with a small value from Germany.

The following table shows the total imports under the remaining principal headings (for which provenance details are not yet available) :—

	1934-5.	1935-6.
	Rs. (lakhs).	Rs. (lakhs).
Acids	10	12
Ammonia and Salts thereof ...	10	11
Bleaching Powder... ..	11	12
Carbide of Calcium	6	7
Copper Sulphate	3	4
Disinfectants	6	6
Glycerine	4	4
Potassium Chlorate	8	10
Sodium Bicarbonate	7	8
Sodium Bichromate	4	3
Borax	3	3
Sodium Silicate	3	3
Sodium Sulphide	2	3
Sulphur	17	20

Dyes obtained from Coal-Tar.—Imports were :—

	1934-5.	1935-6.
	Rs. (lakhs).	Rs. (lakhs).
<i>Alizarines—</i>		
Dry	1	*
Moist :—		
(not exceeding 16 per cent.)	2	1
(over 16 per cent., but not exceeding 20 per cent.) ...	15	11
(exceeding 20 per cent.) ...	6	3
Congo Red	14	14
Coupling dyes of the naphthol group, naphthols, rapid fast colours (Rapid salts) and bases	37	41
Other Salts	13	14
<i>Vat Dyes—</i>		
Indigo	18	17
Other Sorts :—		
Paste	8	5
Powder	64	89
Sulphur Black	9	12
Metanil Yellow	6	7
Others	78	85
Total of Dyes obtained from coal tar	2,74	3,04

* Rs. 34,417.

The remarkable strides made by the Indian cotton and other textile industries are reflected in this steady import of dye stuffs, the value of which is already nearly Rs.100 lakhs above the 1928-9 total.

Progress is likely to continue and to be accelerated as dyeing and printing works are established in India. The imports were drawn as follows :—

<i>Principal Countries of Consignment.</i>	<i>1934-5.</i>		<i>1935-6.</i>	
		<i>Rs. (lakhs).</i>		<i>Rs. (lakhs).</i>
United Kingdom		33		42
Germany		1,90		2,02
Switzerland		17		20
Japan		10		12
U.S.A.		11		14
Other Countries		13		14
		—		—
Total		2,74		3,04
		—		—

“ Other Countries ” in 1934-5 included the U.S.S.R. (Rs.3 lakhs), France (Rs.4 lakhs), Italy (Rs.3 lakhs) and Czechoslovakia (Rs.1 lakh). The stabilization of the United Kingdom position since 1932-3 has had the effect of increasing its shipments by over 100 per cent. The United Kingdom now takes second place in the Indian market. With the recent improvement in prices, market conditions are much more healthy.

Soap.—The effects of the erection of works in India by the leading United Kingdom producers coupled with the establishment of scores of small soap factories all over the country, sheltering under a revenue duty of 25 per cent., are clearly shown in the import figures, which have fallen from a total of Rs.167 lakhs in 1929-30 to Rs.34 lakhs in the year under review. The leading United Kingdom group is now producing most of its standard brands of household and laundry soap in India and the result is seen in a drop in the imports under this heading from Rs.111 lakhs in 1929-30 to Rs.3 lakhs in 1935-6. The import statistics are :—

<i>Description.</i>	<i>1934-5.</i>		<i>1935-6.</i>	
	<i>Cwts.</i>	<i>Rs. (lakhs).</i>	<i>Cwts.</i>	<i>Rs. (lakhs).</i>
Household and Laundry Soap	157,246	30	12,464	3
Toilet Soap	44,628	31	41,438	29
Other Sorts	4,933	2	5,615	2
Total Imports ...	206,807	63	59,517	34
Of which from :—				
United Kingdom ...	174,635	53	42,162	27
Other Countries ...	32,172	10	17,355	7
Total	206,807	63	59,517	34

The small remaining import trade in household and laundry soap is still mainly supplied by United Kingdom makers who have 90 per cent. of the trade, the only competitor being Japan. In the case of toilet soap, the imports in 1934-5 were drawn from the United Kingdom (78 per cent.), the U.S.A. (14 per cent.) and Japan (3 per cent). Competition from the U.S.A. is very keen in the higher grade branded toilet soaps which are widely advertised and actively sold. Japanese competition is increasing and would be still more severe but for the minimum specific duty of Rs.20 per cwt.

Paints and Painters' Material.

Paints and Colours.—Since the low level of 1931-2, there has been a steady recovery to a total of Rs.80 lakhs in 1935-6 which compares with a total of Rs.114 lakhs in 1929-30. When it is considered that there are at least half a dozen modern paint works in India controlled by leading United Kingdom manufacturers this steadiness of imports is not unsatisfactory. The import position is as follows :—

Countries of Consignment.	1934-5.		1935-6.	
	Cwts.	Rs. (lakhs).	Cwts.	Rs. (lakhs).
United Kingdom ...	186,331	49	181,773	50
Germany ...	31,287	7	33,368	9
Japan ...	53,977	8	60,592	10
U.S.A. ...	5,367	2	8,549	3
Other Countries ...	78,641	8	87,209	8
Total ...	355,603	74	371,491	80

Japanese competition persists in spite of heavy minimum specific duties on red and white lead, zinc white and other moist paints. German competition is mainly in coloured dry paint and Paris blue. The U.S.A. competes in the high grade paints, mostly moist coloured and dry coloured. There is a British preference of 10 per cent. on this line.

Painters' Materials.—These comprise :—

Description.	1934-5.		1935-6.	
	Cwt.	Rs. (lakhs).	Cwt.	Rs. (lakhs).
Genuine Turpentine	3,973	1	2,644	1
Turpentine substitute	2,966	*	3,506	†
Varnish ...	28,516	13	26,069	12
Other kinds ...	Not recorded	8	Not recorded	8
Total ...	—	22	—	21

* Rs. 48,453.

† Rs. 52,797.

In 1934-5 the United Kingdom supplied 33 per cent. of the genuine turpentine, lesser values being drawn from the U.S.A. and Sweden. The United Kingdom supplies virtually the whole of the small quantities of turpentine substitute. The important trade in varnish, however, is shared by the United Kingdom (85 per cent.), Japan (5 per cent.), Germany (2 per cent.), Belgium (2 per cent.), the U.S.A. and Holland.

Drugs and Medicines (excluding Chemicals and Narcotics).—

The principal items enumerated under this comprehensive heading are :—

<i>Description.</i>	<i>1934-5. Rs. (lakhs).</i>	<i>1935-6. Rs. (lakhs).</i>
Asafoetida	1	1.5
Camphor	22	22
Preparations of opium and morphia	1	1
Proprietary and patent medicines ...	39	64
Quinine Salts	26	26
Saccharine	2	4
	—	—
Total imports of all kinds ...	1,92	2,11
	—	—

The imports of camphor are mainly drawn from Japan, Germany and Italy. There is no United Kingdom interest. Asafoetida is entirely derived from Iran. Preparations of opium and morphia are obtained from the United Kingdom (60 per cent.) and Germany (30 per cent.). The trade in proprietary and patent medicines is, however, a highly competitive one as the following figures show :—

<i>Countries of Consignment.</i>	<i>1933-4. Rs. (lakhs).</i>	<i>1934-5. Rs. (lakhs).</i>	<i>1935-6. Rs. (lakhs).</i>
United Kingdom	16	20	26
Germany	6	7	16
U.S.A....	4	6	12
Other Countries	5	6	10
	—	—	—
Total	31	39	64
	—	—	—

The trade in proprietary medicines has shown remarkable expansion of late and is now Rs.16 lakhs ahead of the 1929-30 figures. Owing to intensified competition, the United Kingdom's share has fallen from 50 per cent. in 1929-30 to 40 per cent. as above. German specifics are rapidly displacing U.S.A. brands. In 1934-5, "Other Countries" mainly included France (Rs.3½ lakhs) with small quantities from Holland, Switzerland and Italy.

Quinine Salts used to be mainly supplied by the United Kingdom, but competition from Germany is now severe as the following table shows :—

<i>Countries of Consignment.</i>	<i>1933-4. Rs. (lakhs).</i>	<i>1934-5. Rs. (lakhs).</i>	<i>1935-6. Rs. (lakhs).</i>
United Kingdom	11	9	8
Germany	11	8	11
Java	3	3	2
Other Countries	6	6	5
Total	31	26	26

“ Other Countries ” include Holland (Rs.1½ lakhs), Switzerland (Rs.1½ lakhs) and U.S.A. (Rs.71,000).

Saccharine is drawn from the United Kingdom (30 per cent.), the U.S.A. (30 per cent.), Switzerland (25 per cent.) and Germany (8 per cent.).

The 10 per cent. preference has not enabled the United Kingdom to stem the tide of Continental competition in drugs. Percentages for 1935-6 are not yet available, but in 1934-5, of the total trade the United Kingdom contributed 37 per cent., Germany 23 per cent., U.S.A. 11 per cent., Japan 8 per cent., Switzerland 2 per cent., Java 2½ per cent., Italy and Iran. Once again I would call attention to the need for a Pure Food and Drugs Act in the interests alike of the Indian consumer and of all honest traders. United Kingdom manufacturers suffer acutely from the competition of those who sell drugs which are not up to the standard of the British Pharmacopoeia.

Apparel (excluding Hosiery, Boots and Shoes).—The following table shows the imports under each main heading :—

<i>Article.</i>	<i>1934-5. Rs. (lakhs).</i>	<i>1935-6. Rs. (lakhs).</i>
Apparel (including drapery, uniforms and accoutrements)	42	36
Gold and Silver thread	4	5
Hats, Caps, Bonnets and Hatter's ware	21	16
Lametta	3	4
Second-hand Clothing	9	8
Water-proofed Clothing	2	2
Total	82	71

In 1934-5, the United Kingdom supplied 30 per cent. of the apparel, the principal competitors being Japan with 50 per cent., China, 3 per cent., lesser supplying countries being Germany, the U.S.A. and France. Imports from Japan continue to expand but compete more with cheap Continental than with United Kingdom

goods. Gold and silver thread was drawn from Germany (57 per cent.) and France (38 per cent.). Germany for the first time displaced France as the principal supplier. Hats, caps, etc., were supplied by the United Kingdom (12 per cent.), Japan (48 per cent.), Czechoslovakia (19 per cent.) and Italy (13 per cent.). Lametta is now supplied by Germany (76 per cent.) and France (20 per cent.). The U.S.A. continue to lead in the trade in second-hand clothing contributing 77 per cent. as against 20 per cent. from the United Kingdom. The small arrivals of water-proofed clothing are supplied by the United Kingdom (56 per cent.) and Japan (42 per cent.).

The provenance of the total imports was :—

<i>Countries of Consignment.</i>	<i>1934-5.</i>		<i>1935-6.</i>	
		<i>Rs. (lakhs).</i>		<i>Rs. (lakhs).</i>
United Kingdom	20		19
Germany	6		8
France	3		3
Italy	3		1
Japan	35		29
U.S.A.	8		6
Other Countries	7		5
Total	82		71

Hosiery.—Cotton.—Imports for the year registered a further decline.

	<i>1934-5.</i>		<i>1935-6.</i>	
		<i>Rs. (lakhs).</i>		<i>Rs. (lakhs).</i>
In the piece (knitted fabrics)		—		7
Stockings and Socks...	...	11		8
Underwear	30		23
Other Sorts	17		12
Total	58		50
Of which from :—				
United Kingdom	1.5		1.5
Japan	53.5		46
U.S.A.	1		0.5
Other Countries	2		2
Total	58		50

United Kingdom manufacturers merely supply high grade hosiery for European consumption and meet competition from the U.S.A. The average value of 2s. 7½d. per dozen of cotton underwear imported (less than 3d. each) gives the clue to the success of the Japanese, who have displaced the Continent from the bazaar trade and, notwithstanding a minimum specific duty of 12 annas per lb. on cotton undervests, knitted and woven, and cotton socks and stockings, compete keenly with the Indian knitting industry.

Hosiery.—Woollen.—The imports valued at Rs.17 lakhs were subdivided into woollen knitted apparel (Rs.11 lakhs) and other sorts (Rs.6 lakhs) and were drawn as follows:—

		1933-4. Rs. (lakhs).	1934-5. Rs. (lakhs).	1935-6. Rs. (lakhs).
From United Kingdom	...	4.7	5.5	6
„ Japan	... ..	4.1	6.7	11
Total	... ..	8.8	12.2	17

In 1929-30, before the depression, the United Kingdom supplied 82 per cent. of the woollen hosiery, our principal competitors being Germany and France. The Japanese now secure virtually the whole of the cheap bazaar trade in spite of a duty of 35 per cent. *ad valorem* with an alternative specific minimum of 18 annas per lb.

Haberdashery and Millinery.—A trade, which was valued at Rs.104 lakhs in 1929-30, shrank to Rs.54 lakhs in 1932-3 and is now valued at Rs.59 lakhs in 1935-6. The following headings are included in the classification:—

Article.		1934-5. Rs. (lakhs).	1935-6. Rs. (lakhs).
Lace and Embroidery	... ..	19	17
Ribbons	... ..	3	2
Towels not in the piece	... ..	7	5
Other Sorts	... ..	38	35
Total	... ..	67	59

The provenance of the imports was as follows:—

Principal Countries. of Consignment.		1934-5. Rs. (lakhs).	1935-6. Rs. (lakhs).
United Kingdom	... ..	12.5	11
Germany	... ..	8	10
France	... ..	1	1
Switzerland	... ..	1.5	2
Italy	... ..	8.5	5
Japan	... ..	31.5	26
Other Countries	... ..	4	4
Total	... ..	67	59

In 1934-5, the United Kingdom supplied 13 per cent. of the lace and embroidery, Italy, 37 per cent. (mainly Swiss goods exported from Genoa and Venice), Germany, 22 per cent., Switzerland, 8 per cent. and Japan, 12 per cent. Ribbons were drawn from the United Kingdom (9 per cent.), Germany (32 per cent.), Japan (32 per cent.), Czechoslovakia (14 per cent.) and France (3 per cent.). Japan supplied 93 per cent. of the towels, the United Kingdom's share being only 5 per cent. Excellent towels for personal and hotel use are now manufactured in Cawnpore, but

even the Indian mills cannot compete with Japan in the cheapest types for the bazaar trade. The comprehensive heading of "Other sorts" was shared by the United Kingdom (24 per cent.), Japan (55 per cent.), Germany (7 per cent.) and Italy (4 per cent.).

Embroidered all-overs are now assessed to duty at 35 per cent. standard and 25 per cent. preferential; towels take the *ad valorem* rate of duty applicable to the fabric of which the article is wholly or mainly made and unspecified descriptions of haberdashery and millinery are rated at 35 per cent. standard and 25 per cent. preferential.

Boots and Shoes.—There has been a remarkable decline in the imports of footwear from 6,761,365 pairs valued at Rs.88 lakhs in 1929-30 to 2,906,192 pairs valued at Rs.29 lakhs in the year under review. This is mainly due to the high standard duty of 30 per cent. or 6 annas per pair, whichever is greater, which has reduced the imports of cheap rubber-soled shoes from Japan. Imports from the United Kingdom have also fallen due to Japanese and Czechoslovak competition. The total imports were classified, according to type, as follows:—

Description.	1934-5.		1935-6.	
	Pairs.	Rs. (lakhs).	Pairs.	Rs. (lakhs).
All leather	351,673	12	369,749	12
Rubber soled:—				
With canvas uppers ...	2,979,735	17	2,049,526	13
With uppers of leather				
or other materials ...	156,973	1	23,587	†
All rubber	635,923	3	383,926	2
Of other materials ...	132,164	2	79,404	1

† Rs. 49,881.

In 1934-5 the average price of rubber-soled shoes with canvas uppers was 10½d. per pair.

The provenance of the imports was as follows:—

Countries of Consignment.	1934-5.		1935-6.	
	Pairs.	Rs. (lakhs).	Pairs.	Rs. (lakhs).
United Kingdom ...	145,175	6	142,424	6
Czechoslovakia ...	284,161	7	350,624	8
Japan	3,619,671	20	2,376,678	14
Other Countries ...	207,461	2	36,466	1
Total	4,256,468	35	2,906,192	29

Apart from £2,000 worth of rubber soles with canvas uppers and £2,000 worth of shoes of other materials, the United Kingdom's interest is concentrated in the provision of leather footwear, of which, in 1934-5, she supplied 47 per cent., Czechoslovakia, 48 per cent., and small values were imported from Germany and Japan. The imports of leather shoes from the United Kingdom are little more than one-fourth of their volume in 1928-9 and are not likely to recover in view of the increasing competition from the Bata Factory at Zlin, Czechoslovakia and also from the Bata Indian factory at Calcutta, which is rapidly extending its output and has at its disposal an efficient and widespread distributing organization, both wholesale and retail, throughout the country.

Leather.—The imports of unmanufactured leather were :—

<i>Description.</i>	1934-5.	1935-6.
	<i>Rs. (lakhs).</i>	<i>Rs. (lakhs).</i>
Hides, tanned or dressed... ..	*	†
Skins, tanned or dressed... ..	14	11
Unwrought... ..	5	8
Leather cloth (including artificial leather)	5	5
* Rs. 49,630.		† Rs. 49,179.

The imports of tanned or dressed hides were drawn in 1934-5 from the United Kingdom and the U.S.A. Dressed or tanned skins were obtained from the U.S.A. (40 per cent.), the United Kingdom (10 per cent.), Germany (27 per cent.) with lesser values from Italy, Hungary and Czechoslovakia. Unwrought leather is supplied by the U.S.A. (46 per cent.), the United Kingdom (25 per cent.) and Germany (22 per cent.). In leather cloth, however, thanks to active selling and organisation, United Kingdom makers secured 66 per cent. of the trade while the U.S.A. obtained 15 per cent., France, 10 per cent. and Japan, 6 per cent. From the point of view of the United Kingdom manufacturer, the more important trade is that of leather goods :—

<i>Description.</i>	1934-5.	1935-6.
	<i>Rs. (lakhs).</i>	<i>Rs. (lakhs).</i>
Bags and Trunks... ..	1	1
Pickers... ..	6	7
Picking bands and straps... ..	8	8
Roller Skins... ..	6	7
Saddlery and Harness... ..	*	†
Other Sorts... ..	7	7
* Rs. 66,977.		† Rs. 37,520.

The United Kingdom in 1934-5 supplied 40 per cent. of the relatively unimportant trade in bags and trunks, her principal competitors being Japan and Germany. Leather specialities for the cotton and jute mills are largely a United Kingdom preserve although Continental competition is increasing. In 1934-5, of the pickers, the United Kingdom supplied 85 per cent. and Holland 12 per cent. Picking bands and straps were drawn from the United Kingdom, which supplied 44 per cent., France 35 per cent., Holland 9 per cent.

and Belgium 5 per cent. Practically the whole of the roller skins and of the saddlery and harness is imported from the United Kingdom. Of fancy manufactured leathers (other sorts), the United Kingdom sent 55 per cent., Japan 19 per cent., the U.S.A. 9 per cent. and Germany 8 per cent. The following table shows the origin of the total imports of leather and leather goods :—

<i>Principal Countries of Consignment.</i>	<i>1934-5. Rs. (lakhs).</i>	<i>1935-6. Rs. (lakhs).</i>
United Kingdom	26	27
Germany	6	8
U.S.A.	10	10
Other Countries	12	10
Total	54	55

Belting for Machinery.—Cotton Belting.

<i>Countries of Origin.</i>	<i>1934-5. Rs. (lakhs).</i>	<i>1935-6. Rs. (lakhs).</i>
United Kingdom	5	5.5
Other Countries	1	0.5
Total	6	6

In 1934-5, " Other Countries " included the U.S.A. (Rs.25,000), Japan (Rs.22,000) and Germany (Rs.12,400).

Leather Belting.—In 1929-30 the imports aggregated Rs.40 lakhs. They fell to Rs.23 lakhs in 1933-4 and now stand at Rs.25 lakhs.

<i>Countries of Origin.</i>	<i>1934-5. Rs. (lakhs).</i>	<i>1935-6. Rs. (lakhs).</i>
United Kingdom	14	15
U.S.A.	8	8
Other Countries	2	2
Total	24	25

In 1934-5, " Other Countries " included Japan (Rs.1½ lakhs), Holland (Rs.65,000) and Germany (Rs.29,000). It is unfortunate that belting does not enjoy a preference, being regarded as an essential supply of industry. The market buys largely on price and consequently competition is keen.

Belting of other Materials (including coir).

<i>Countries of Origin.</i>	<i>1934-5. Rs. (lakhs).</i>	<i>1935-6. Rs. (lakhs).</i>
United Kingdom	14	15
Germany	1	2
Japan	3	4
Other Countries	1	1
Total	19	22

“ Other Countries ”, in 1934-5, included the U.S.A. (Rs.1 lakh) and Canada (Rs.17,000).

Bobbins.—The imports of bobbins, although improving, are still Rs.10 lakhs behind the 1929-30 total in spite of the great activity in the Indian cotton industry.

<i>Countries of Origin.</i>			<i>1933-4.</i> <i>Rs. (lakhs).</i>	<i>1934-5.</i> <i>Rs. (lakhs).</i>	<i>1935-6.</i> <i>Rs. (lakhs).</i>
United Kingdom	...	...	14	18	18
Germany	...	...	3	2	3
Japan	...	...	5	8	8
Other Countries	...	...	†	1	2
Total			22	29	31

† Rs. 53,375.

In 1929-30, the United Kingdom provided 88 per cent., but, in spite of the excellence of their productions, which are made from carefully seasoned timber, political feeling during the 1930 boycott allowed competitors to encroach and Japanese and German suppliers have made the most of their opportunity.

Books and Printed Matter.—The depression has adversely affected the imports of literature of all kinds which have fallen from Rs.72 lakhs in 1929-30 to a low level of Rs.46 lakhs in 1932-3 but are steadily recovering and stood at Rs.53 lakhs in the year under review.

<i>1933-4.</i>	<i>1934-5.</i>	<i>1935-6.</i>
Rs. 49,32,514.	Rs. 51,88,463.	Rs. 53,31,262.

In 1934-5, the United Kingdom provided 84 per cent., the U.S.A. 8 per cent. and Germany 2 per cent. United Kingdom publishing and scholastic supply firms are strongly represented and are maintaining their position.

Stationery (excluding Paper).—The trade again rose from Rs.68 lakhs to Rs.76 lakhs, which compares with a pre-depression figure of Rs.105 lakhs in 1929-30, which was a peak year.

<i>Countries of Consignment.</i>			<i>1933-4.</i> <i>Rs. (lakhs).</i>	<i>1934-5.</i> <i>Rs. (lakhs).</i>	<i>1935-6.</i> <i>Rs. (lakhs).</i>
United Kingdom	...	...	36	35	38
Germany	...	...	14	18	18
Japan	...	...	9	9	13
U.S.A.	...	...	2	2	3
Other Countries	...	...	5	4	4
Total			66	68	76

The relative share of the United Kingdom tends to fall notwithstanding the 10 per cent. preference enjoyed on most items. Imports from Japan are so low-priced as to be below the competitive range, but German sales of the cheaper types of goods increase steadily.

Tobacco.—In the short space of the six years since 1929-30, the imports of cigarettes, which formed the backbone of the whole trade, have fallen from Rs.213 lakhs to Rs.28 lakhs. The movement started with the political agitation and boycott in 1930, which seriously affected the trade. The decline in purchasing power accentuated the movement and when, 1931, the emergency import duties were imposed, United Kingdom producers mainly concerned decided to switch over the manufacture of most of their popular brands from their home factories to their Indian establishments. This fall of £1½ millions of United Kingdom trade has materially affected our position and has also been a source of great loss to Indian revenues.

The following are the principal forms in which tobacco was imported during the past three years :—

<i>Description.</i>			
	<i>1933-4.</i>	<i>1934-5.</i>	<i>1935-6.</i>
	<i>lbs.</i>	<i>lbs.</i>	<i>lbs.</i>
Unmanufactured Tobacco ...	4,187,024	2,977,050	1,920,692
Cigars	17,146	11,618	30,501
Cigarettes... ..	592,995	614,366	831,412
Tobacco for pipes and cigarettes	50,391	61,553	50,550
Other Sorts	46,981	36,936	43,260
Total	4,894,537	3,701,523	2,876,415

In the 1934-5 budget, in an attempt to restore at least a portion of the revenue on imported cigarettes, the import duties were revised to 25 per cent. *ad valorem* and in addition Rs.8/2/- per thousand, or Rs.3/4/- per pound, whichever is higher. Duties on manufactured tobacco were increased at the same time from Rs.2 standard and Rs.1/8/- preferential, if the produce of a British Colony, to Rs.3/4/- standard and Rs.2/12/- preferential if the produce of a British Colony. The new duties have certainly stimulated the imports of cigarettes, but they have also restricted the imports of unmanufactured tobacco and have forced local manufacturers to use more Indian leaf in their productions. The provenance of the imports of cigarettes was as follows :—

<i>Countries of Consignment.</i>	<i>1933-4.</i>	<i>1934-5.</i>	<i>1935-6.</i>
	<i>Rs. (lakhs).</i>	<i>Rs. (lakhs).</i>	<i>Rs. (lakhs).</i>
United Kingdom	16·5	20·5	26·5
U.S.A.... ..	0·5	0·5	0·75
Other Countries	2	1	0·75
Total	19	22	28

“ Other Countries ” in 1934-5 included Egypt (Rs.28,000), Japan (Rs.8,000), China (Rs.8,000), Hongkong (Rs.24,000) and Aden (Rs.13,000).

Rubber Manufactures—Rubber Tyres.

(1) *Pneumatic Motor Covers*.—The total imports have fallen from a pre-depression figure of Rs.225 lakhs to a low level of Rs.113 lakhs in 1933-4 since when they expanded to Rs.124 lakhs in 1934-5 and Rs.126 lakhs in the year under review. Owing to the fall in prices and the tendency to use a cheaper type of tyre, the fall in quantities from 487,174 in 1929-30 to 280,966 in 1935-6 has not been in like proportion.

				1933-4.	1934-5.	1935-6.
<i>Countries of Consignment.</i>				<i>Rs. (lakhs).</i>	<i>Rs. (lakhs).</i>	<i>Rs. (lakhs).</i>
United Kingdom...	...	...	...	71	87	99
Germany ...	...	...	...	4	7	7
France ...	...	...	...	3	1	1
Italy ...	...	...	...	3.75	1	†
Canada ...	...	...	...	6.75	4	1
U.S.A. ...	...	...	...	16	14	10
Other Countries ...	...	...	...	9	10	8
Total ...				1,13.5	1,24	1,26

† Rs. 15,952.

The remarkable rise in the United Kingdom's position from 26 per cent. in 1929-30 to 78 per cent. in 1935-6 is partly due to the strenuous efforts and efficient sales organization of the leading United Kingdom group and to the tendency of the U.S.A. manufacturers to supply the Indian market from their branch factories in the United Kingdom in order to secure the benefit of the preference. French and Italian competition has been virtually eliminated and arrivals from the U.S.A. and Germany are only a fraction of their pre-depression figures. In my last report I commented at some length on the introduction by the leading United Kingdom firm of specially manufactured wheels and axles fitted with rubber tyres for bullock carts and referred to the reduction by the Government of India of the import duty in order to stimulate the use of this equipment. The results have been most satisfactory and it is confidently expected that a very great expansion in sales will take place in the next few years. In order, partly to bring down costs of production so as to cater for this vast potential trade, and partly to meet foreign competition, the leading United Kingdom firm of tyre manufacturers is laying down a large and efficient works near Calcutta for the manufacture of tyres and other rubber goods in steady demand. This development, while being necessary in order to consolidate their strong position, is certain to cause a material reduction in future imports from the United Kingdom. Production actually commenced in July, 1936, and all preliminary difficulties have been overcome.

(2) *Pneumatic Motor Cycle Covers*.—In view of the relatively small number of motor cycles in use in India, the trade in tyres is on a small scale.

				1934-5.	1935-6.
				Rs.	Rs.
From United Kingdom	...	...	...	44,523	37,598
„ Other Countries	...	...	...	6,295	3,089
Total				50,818	40,687

(3) *Pneumatic Cycle Covers*.—The boom in the trade in pedal cycles is reflected in a steady expansion in the import of tyres.

				1934-5.	1935-6.
				Rs. (lakhs).	Rs. (lakhs).
From United Kingdom	...	...	...	17	16
„ Other Countries	...	...	...	3	7
Total				20	23

“ Other Countries ” in 1934-5 included Japan (Rs.1,36,000), Germany (Rs.89,000), Belgium (Rs.27,000) and France (Rs.12,000). The increased imports last year were due to more severe Japanese competition.

(4) *Solid Rubber Tyres for Motor Vehicles*.—The trade registered a decline last year, which was mainly borne by the United Kingdom.

				1934-5.	1935-6.
				Rs.	Rs.
From United Kingdom	...	...	...	2,42,399	1,47,813
„ Germany	...	...	...	55,710	56,582
„ U.S.A.	...	...	...	42,044	57,825
„ Other Countries	...	...	...	40,961	23,328
Total				3,81,114	2,85,548

(5) *Tubes*.—The statistics for the past two years are :—

				1934-5.	1935-6.
				Rs. (lakhs).	Rs. (lakhs).
Motor Tubes	...	...	...	17	16
Motor Cycle Tubes	...	...	...	0.3	0.1
Cycle Tubes	...	...	...	11	10

Other Manufactures of Rubber (except Apparel and Boots and Shoes).—This comprehensive heading includes mechanical rubbers of all kinds such as vacuum brake fittings, rubber hose, rings, etc. Imports at Rs.28 lakhs compare favourably with a pre-depression

total of Rs.27 lakhs in 1929-30. Detailed accounts of origin are not yet available, but the total imports were as follows :—

1933-4.	1934-5.	1935-6.
<i>Rs. (lakhs).</i>	<i>Rs. (lakhs).</i>	<i>Rs. (lakhs).</i>
22	29	28

In 1934-5, the United Kingdom secured 37 per cent., Japan 27 per cent., the U.S.A. 16 per cent. and Germany 11 per cent. Rubber factories in the Straits Settlements shipped Rs.77,000 worth. Imports from Japan are likely to increase still further.

Instruments, Apparatus, Appliances and Parts thereof.—This comprehensive classification is made up as follows :—

<i>Description.</i>	<i>1934-5.</i>	<i>1935-6.</i>
	<i>Rs. (lakhs).</i>	<i>Rs. (lakhs).</i>
Electrical Apparatus	2,81	3,09
Musical Instruments	28	25
Optical Instruments... ..	8	8
Cinematograph Films—raw	21	21
Cinematograph Films—exposed	25	24
Photographic Apparatus	32	35
Scientific Instruments	16	16
Surgical Instruments	14	15
Wireless Apparatus	16	28
Other kinds	30	34
	<hr/>	<hr/>
Total Imports of all kinds	4,73	5,16
	<hr/>	<hr/>

In 1934-5, the United Kingdom contributed 52 per cent. of the total, the U.S.A. 16 per cent., Germany 14 per cent., Holland 3 per cent. and lesser values from Italy, Czechoslovakia, Switzerland, Belgium and China. Analysing the various sub-headings, we find that :—

Musical Instruments.—The United Kingdom in 1934-5 supplied 53 per cent., Japan 20 per cent., Germany 12 per cent. and Switzerland 8 per cent. Japanese competition is mainly in gramophones and accessories and in miscellaneous instruments. Germany competes in the whole range but mainly in gramophone accessories and in band instruments. Switzerland provides gramophones and accessories. The United Kingdom's share would be greater but for the fact that its principal group of gramophone manufacturers now produces the bulk of its records in its Indian works.

Optical Instruments.—The trade formerly held by Germany is rapidly passing to Japan. The imports in 1934-5 were derived from the United Kingdom 7 per cent., Japan 67 per cent. and Germany 19 per cent.

Cinematograph Films.—Raw.—The steady expansion reflects the rapid development of the Indian film industry. In 1934-5, the last year for which details are available, the imports were :—

<i>Countries of Consignment.</i>	<i>Length in Feet.</i>	<i>Rs. (lakhs).</i>
United Kingdom... ..	19,648,136	7
Germany	27,687,733	10
Belgium	5,510,866	2
U.S.A.	6,672,323	2
Total Imports (from all sources)...	60,101,131	21

United Kingdom producers have doubled their share in the last year or two : they enjoy a preferential rate of import duty. Germany is also securing additional trade at the expense of the U.S.A. and Belgium.

Cinematograph Films—Exposed.—There has been a slight setback in the past three years from Rs.28 lakhs in 1933-4 to Rs.25 lakhs in 1934-5 and Rs.24 lakhs in the year under review.

In 1934-5, the imports were derived as follows :—

<i>Countries of Consignment.</i>	<i>Length in Feet.</i>	<i>Rs. (lakhs).</i>
United Kingdom... ..	1,850,514	6
Ceylon	1,770,178	2
U.S.A.	4,559,024	15
Total Imports (from all sources)...	9,026,731	25

United Kingdom films have rapidly come to the fore of recent years as a result of improved technique and better marketing arrangements. There is now a steady demand for high-grade, wholesome United Kingdom films and the potentialities of the market are very great. Once again, I would repeat my appeal to United Kingdom producers to take more active steps to cultivate the Indian demand. U.S.A. producers have for years had an elaborate organization supervised by resident representatives. United Kingdom firms have relied upon local enterprise to further the display of their films without a single direct representative on the spot. That they have progressed so far as they have is largely due to the enterprise of a Calcutta firm in creating a demand for their productions. United Kingdom films do not enjoy any fiscal advantage, but it is to be hoped that the Government of India may be prevailed upon to give preference to the display of sound, wholesome United Kingdom productions. The imports from Ceylon are mainly second-hand films, which are imported after display in Ceylon.

Photographic Apparatus.—The trade has expanded steadily from Rs.28 lakhs in 1933-4 to Rs.33 lakhs in 1934-5 and Rs.35 lakhs in 1935-6. The service organizations of the leading United Kingdom manufacturers are active in developing the spread of photography among Indians. United Kingdom apparatus is well-known and is growing in use. There is also a tendency for German to displace U.S.A. apparatus. In 1934-5, the United Kingdom supplied 41 per cent., Germany 25 per cent. and the U.S.A. 25 per cent. Lesser values were drawn from Belgium, France, Italy and Japan.

Scientific and Philosophical Instruments.—This heading includes a wide variety of instruments and apparatus such as laboratory apparatus, surveying instruments, nautical instruments, drawing and mathematical instruments and measuring and recording instruments. In 1934-5, the United Kingdom supplied 65 per cent., Germany 23 per cent., the U.S.A. 5 per cent. and Japan 3 per cent.

Surgical Instruments.—Imports fell sharply during the worst of the depression but are now increasing.

1933-4.	1934-5.	1935-6.
<i>Rs. (lakhs).</i>	<i>Rs. (lakhs).</i>	<i>Rs. (lakhs).</i>
13	14	15

During 1934-5, the United Kingdom supplied 46 per cent., Germany 34 per cent., Japan 8 per cent. and the U.S.A. 8 per cent. Cheap German instruments are displacing the United Kingdom article among large numbers of upcountry Indian surgeons, to whom low price is the main consideration provided the instruments are just good enough for the purpose.

Radio Apparatus.—The total imports show a most promising advance from Rs.11 lakhs in 1933-4 to Rs.16 lakhs in 1934-5 and Rs.28 lakhs in 1935-6. These figures include transmitting as well as receiving apparatus. The two types will, however, be separately distinguished from 1st April, 1936.

<i>Countries of Consignment.</i>	<i>1933-4. Rs. (lakhs).</i>	<i>1934-5. Rs. (lakhs).</i>	<i>1935-6. Rs. (lakhs).</i>
United Kingdom ...	6	5	10·5
Germany ...	0·5	1	1
Netherlands ...	1	1·5	4
U.S.A....	1·5	8	12·5
Other Countries ...	2	0·5	—
Total ...	11	16	28

It may be taken that fully 80 per cent. to 90 per cent. of the United Kingdom shipments consisted of transmission apparatus. The United Kingdom supplies nearly the whole of this trade. As regards receiving sets and components, the market is being supplied by

the U.S.A. and Holland. I would refer United Kingdom manufacturers to the paragraphs on Broadcasting and Future Developments in Chapter I, pages 62 to 68 for an appreciation of the position.

Electrical Apparatus.—This valuable trade rose by Rs.28 lakhs to Rs.309 lakhs, which in the circumstances compares very favourably with the peak of Rs.361 lakhs in 1929-30. The following statement gives the value of the several classes of electrical apparatus imported during the past three years:—

	1933-4. Rs. (lakhs).	1934-5. Rs. (lakhs).	1935-6. Rs. (lakhs).
Electric Fans and parts thereof ...	20	25	32
Electric Wire and Cables ...	63	87	93
Telegraph and Telephone Instruments	12	15	18
Electric Lamps and parts thereof * ...	50	59	64
Batteries ...	13	15	21
Carbons, electric ...	3	2	2
Accumulators ...	8	7	7
Electric lighting accessories and fittings, including switches ...	7	6	8
Meters ...	8	12	10
Electro-medical apparatus, including X-ray apparatus ...	3	4	5
Switchboards (other than telegraph or telephone) ...	3	4	4
Unenumerated ...	35	40	35
Total Imports of all kinds ...	2,31	2,81	3,09

* Including wireless valves.

Taking the individual items included in this omnibus classification, Electric fans and parts thereof rose from Rs.25 lakhs to Rs.32 lakhs, of which the United Kingdom supplied Rs.22 lakhs, Italy Rs.4½ lakhs and the U.S.A. Rs.1 lakh. The imports of Electric wires and Cables advanced from Rs.87¼ lakhs to Rs.93½ lakhs, of which the United Kingdom supplied Rs.71 lakhs, Germany Rs.7½ lakhs, Japan Rs.7 lakhs, the U.S.A. Rs.3 lakhs and Belgium Rs.2¼ lakhs.

Telegraph and telephone instruments and apparatus, totalling Rs.18 lakhs, were drawn from the United Kingdom (Rs.12½ lakhs) and "other countries" (Rs.5½ lakhs). The imports of gas filled electric bulbs rose slightly from Rs.18 lakhs to Rs.19 lakhs, of which the United Kingdom sent Rs.11½ lakhs, Holland Rs.4 lakhs and Germany Rs.1 lakh. Vacuum electric bulbs to a total of Rs.16½ lakhs were drawn from the United Kingdom (Rs.6 lakhs), Holland (Rs.4¼ lakhs), Japan (Rs.4 lakhs) and Austria (Rs.1 lakh). Of the imports of electric bulbs for torches, totalling Rs.3 lakhs, the U.S.A. supplied Rs.1¼ lakhs and Japan Rs.1 lakh. Imports from the United Kingdom were too small to be recorded. Rs.86,000 worth of wireless valves were imported, of which Rs.58,000 worth came from the United Kingdom and the balance from unspecified countries. Electric lamps, other sorts, totalling Rs.11 lakhs, were

drawn from China (Rs.4 lakhs), the U.S.A. (Rs.4 lakhs), Germany (Rs.1 lakh) and the United Kingdom (Rs. $\frac{1}{2}$ lakh).

The imports of batteries aggregated Rs.20 $\frac{1}{2}$ lakhs, of which no less than Rs.16 lakhs were drawn from the U.S.A., Rs.2 lakhs from the United Kingdom and the balance from unspecified countries. The imports of accumulators amounted to Rs.7 $\frac{1}{2}$ lakhs, of which Rs.7 lakhs from the United Kingdom.

Electric lighting accessories and fittings (including switches) accounted for Rs.8 lakhs of which the United Kingdom was responsible for Rs.4 $\frac{1}{4}$ lakhs and Germany for Rs.2 lakhs. The imports of meters, totalling Rs.10 $\frac{1}{2}$ lakhs, were obtained from the United Kingdom (Rs.5 $\frac{1}{2}$ lakhs), Germany (Rs.3 lakhs) and "other countries" (Rs.2 lakhs). Other miscellaneous electrical instruments, totalling Rs.6 lakhs, were drawn from the United Kingdom (Rs.4 $\frac{1}{2}$ lakhs), the U.S.A. (Rs. $\frac{1}{2}$ lakh) and "other countries" (Rs.1 lakh).

The imports of electro-medical apparatus (including X-ray apparatus) were valued at Rs.5 lakhs, of which Rs.1 $\frac{1}{4}$ lakhs from the United Kingdom, Rs.1 lakh from the U.S.A. and the balance from unenumerated countries. Rs.4 lakhs worth of switch boards (other than telegraph and telephone) were imported, the United Kingdom supplying no less than Rs.3 $\frac{1}{2}$ lakhs. Unenumerated electrical goods and apparatus valued at Rs.35 $\frac{1}{2}$ lakhs were drawn from the United Kingdom (Rs.20 $\frac{1}{2}$ lakhs), Germany (Rs.5 $\frac{3}{4}$ lakhs), the U.S.A. (Rs.4 $\frac{1}{2}$ lakhs), Japan (Rs.1 $\frac{1}{4}$ lakhs) and unenumerated countries (Rs.3 $\frac{1}{2}$ lakhs).

The provenance of the total imports was as follows:—

<i>Principal Countries of Consignment.</i>				<i>1934-5. Rs. (lakhs).</i>	<i>1935-6. Rs. (lakhs).</i>
United Kingdom	...	...	...	1,62	1,75
Germany	...	...	...	32	38
Netherlands	...	...	...	13	13
Belgium	...	...	...	2	3
France	...	...	...	1	1
Italy	...	...	...	8	6
Japan	...	...	...	17	18
U.S.A.	...	...	...	30	38
Other Countries	...	...	...	16	17
Total				2,81	3,09

In 1929-30, the United Kingdom share was 60 per cent., in 1934-5 it had fallen to 57 per cent. and in 1935-6 it was 56 per cent. United Kingdom manufacturers enjoy a 10 per cent. preferential margin which should assist them in maintaining their relatively strong position.

Earthenware and Porcelain.—The classification includes :—

<i>Articles.</i>	<i>1934-5.</i> <i>Rs. (lakhs).</i>	<i>1935-6.</i> <i>Rs. (lakhs).</i>
Pipes of Earthenware	*	†
Sanitary ware	7	7
Other kinds of Earthenware	11	12
Electrical Porcelain	1	2
Other kinds of Porcelain	25	25
Total of Imports	44	46

* Rs. 4,521.

† Rs. 3,047.

Imports of earthenware pipes are now confined to specialities. Of the sanitary earthenware, the United Kingdom in 1934-5 supplied 80 per cent., Germany 11 per cent. and Japan 5 per cent. Other kinds of earthenware were contributed by the United Kingdom (62 per cent.), Japan (20 per cent.) and Germany (6 per cent.). The simple types of insulators used by the telegraph and telephone services are all made in India. Imports are confined to insulators for extra-high tension transmission and for special work. Other kinds of porcelain, including cheap tableware, common crockery, etc., were imported in 1934-5 from Japan (90 per cent.), the United Kingdom (5 per cent.), Germany and Czechoslovakia (1 per cent. each). Notwithstanding the 10 per cent. preference and heavy minimum specific duties on imports of foreign domestic earthenware, china and porcelain, United Kingdom makers cannot compete with the Japanese, who have entirely ousted Continental competition in this trade.

The total imports of earthenware and porcelain in 1934-5 and 1935-6 were derived as follows :—

<i>Countries of Consignment.</i>	<i>1934-5.</i> <i>Rs. (lakhs).</i>	<i>1935-6.</i> <i>Rs. (lakhs).</i>
United Kingdom	14	15
Germany	2	3
Japan	26	26
Other Countries... ..	2	2
Total Imports	44	46

Glass and Glassware.—The following statement shows the types of imported glass and glassware :—

<i>Description.</i>	<i>1934-5.</i> <i>Rs. (lakhs).</i>	<i>1935-6.</i> <i>Rs. (lakhs).</i>
Bangles	31	27
Beads and false pearls	13	15
Bottles and phials	25	30
Funnels, globes and glass parts of lamps	6	6
Scientific glassware	1	1
Sheet and plate glass	24	24
Tableware (including decanters, tumblers, etc.)	5	5
Other Glassware	27	31
Total... ..	1,32	1,39

The severe drop in the imports of bangles (Rs.55 lakhs) and beads (Rs.15 lakhs), as compared with imports in 1929-30, is due, first, to restricted purchasing power and, secondly, to the substitution of the indigenous manufactured article. The provenance of the total imports was as follows:—

<i>Countries of Consignment.</i>				<i>1934-5. Rs. (lakhs).</i>	<i>1935-6. Rs. (lakhs).</i>
United Kingdom...	...	...	...	12	13
Germany ...	...	...	...	14	18
Belgium ...	...	...	...	12	14
Austria ...	...	...	...	2	1
Czechoslovakia ...	...	...	...	19	20
Italy ...	...	...	...	3	3
Japan ...	...	...	...	65	65
Other Countries ...	...	...	...	5	5
Total ...				1,32	1,39

The United Kingdom has no interest in the imports of glass bangles or of beads. Japan is displacing Czechoslovakia in the imports of bangles, while beads are drawn from Czechoslovakia, Japan and Italy.

The large trade in bottles is one in which the United Kingdom should secure a greater percentage. In 1934-5, the imports of soda-water bottles (totalling nearly Rs.6 lakhs) were supplied by the United Kingdom (49 per cent.), Germany (40 per cent.) and Japan (8 per cent.). United Kingdom makers are slowly improving their position *vis-à-vis* Germany. Other kinds of bottles were drawn from the United Kingdom (7 per cent.), Japan (60 per cent.), Germany (17 per cent.) and Sweden (8 per cent.). The trade in funnels, globes and glass parts of lamps was shared by Germany (45 per cent.), Japan (18 per cent.), Austria (17 per cent.) and the United Kingdom with a meagre 3 per cent. The small imports of scientific glassware were drawn from Germany (47 per cent.), the United Kingdom (34 per cent.) and Japan (15 per cent.). In plate and sheet glass, the United Kingdom provided 13 per cent., mainly the finer qualities, while Belgium (49 per cent.) and Japan (29 per cent.) shipped large quantities of cheap window glass. Tableware was obtained from Japan (80 per cent.), the United Kingdom (8 per cent.) with lesser values from Germany and Belgium. Miscellaneous glassware was drawn from Japan (65 per cent.), the United Kingdom (14 per cent.) and Germany (9 per cent.).

Building and Engineering materials (other than Iron, Steel and Wood).—An encouraging advance of Rs.13 lakhs marks greater activity in new construction and the reconstruction programme

for Quetta may affect next year's imports to some extent although most building materials are now manufactured in India. The principal items in the classification are the following :—

Description.	1933-4.	1934-5.	1935-6.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
Asphalt	22	16	23
Bricks (other than firebricks)	*	†	‡
Firebricks	1	1	2
Portland Cement	20	22	19
Cement (other kinds)	2	2	3
Tiles	12	11	14
Other kinds	7	8	12
Total Imports	64	60	73

* Rs. 7,573.

† Rs. 7,408.

‡ Rs. 2,288.

Development of new roads and increased maintenance outlay on existing highways is shown in the improved imports of asphalt. Detailed figures for 1935-6 are not yet available, but in the previous year the imports were drawn from Mexico (32 per cent.), Egypt (24 per cent.), the U.S.A. (29 per cent.) and the United Kingdom (11 per cent.). Direct imports from Trinidad were nil, but as most British West Indian asphalt is treated in the United Kingdom, it is this probably that accounts for the United Kingdom's share in the trade. The Indian demand for asphalt will expand *pari passu* with the progress of road development.

The trifling imports of bricks were entirely drawn from the United Kingdom, which also provided firebricks. The important trade in tiles is shared by Japan (50 per cent.), the United Kingdom (22 per cent.), Italy (14 per cent.) and Belgium (9 per cent.). Japan is rapidly displacing Italy as the main supplier of tiles and it is doubtful whether Italian exporters will regain their former position.

Cement.—The imports of cement were drawn from :—

Countries of Consignment.	1934-5.		1935-6.	
	Tons.	Rs. (lakhs).	Tons.	Rs. (lakhs).
United Kingdom ...	45,930	18	47,442	19
Japan	18,008	4	9,581	2
Other Countries ...	3,383	2	1,805	1
Total	67,321	24	58,828	22

Burma and Southern India remain the principal markets for imported cement owing to their remoteness from Indian cement works. The recent establishment in Burma of a modern plant will, however, inevitably reduce the size of that market for imported

cement. The Indian cement works are now amalgamated under one control, employ a centralized propaganda, research and sales organization, and produce at a reasonable price excellent cement fully equal to British Standard Specification. It seems likely therefore that future imports will be largely confined to special cements for under-water dock work, etc.

Hardware (excluding Cutlery and Electro-plated ware).—There has been a steady advance from the low level of Rs.261 lakhs in 1931-2 to Rs.327 lakhs in the year under review, but the trade is still far behind the pre-depression total of Rs.507 lakhs. The following table gives the details during the past two years:—

<i>Description.</i>	1934-5.	1935-6.
	<i>Rs. (lakhs).</i>	<i>Rs. (lakhs).</i>
Agricultural Implements	1	2
Buckets of tinned or galvanised iron	1	*
Builders' Hardware	24	28
Domestic Hardware, other than enamelled ironware	9	10
Enamelled Ironware	17	19
Gas Mantles	3	3
Implements and Tools (other than agricultural implements and machine tools)	48	56
Lamps, metal	53	54
Lamps, glass	2	1
Parts of Lamps other than glass	4	4
Safes and strong boxes of metal	†	‡
Stoves	5	5
Other Sorts	1,37	1,43
	<hr/>	<hr/>
Total Imports	3,05	3,27
	<hr/>	<hr/>

* Rs. 31,842.

† Rs. 25,960.

‡ Rs. 50,332.

The provenance of the imports during the same years was:—

<i>Countries of Consignment.</i>	1934-5.	1935-6.
	<i>Rs. (lakhs).</i>	<i>Rs. (lakhs).</i>
United Kingdom	98	1,04
Sweden	17	19
Germany	95	1,08
Austria	4	3
Czechoslovakia	9	9
Japan	32	35
U.S.A.	30	31
Other Countries	20	18
	<hr/>	<hr/>
Total	3,05	3,27
	<hr/>	<hr/>

The next statement gives the percentage shares of the leading suppliers over a period of years :—

	1913-4 (pre- War year). per cent.	1929-30. per cent.	1930-1. per cent.	1931-2. per cent.	1932-3. per cent.	1933-4. per cent.	1934-5. per cent.	1935-6. per cent.
United Kingdom	57	35	36	37	30	34	32	32
Germany ...	18	33	30	29	36	30	31	33
U.S.A. ...	10	12	12	10	6	8	10	9
Japan ...	1	5	6	6	10	12	11	11
Other Countries	14	15	16	18	18	16	16	15
	100	100	100	100	100	100	100	100

Although the United Kingdom enjoys a 10 per cent. preferential margin on all hardware, ironmongery and tools (excluding agricultural implements not otherwise specified, buckets of tinned or galvanised iron, and machine tools), this has not been adequate to enable it to stem German competition in the bazaar trade. In times of reduced purchasing power the cheap products of the Continent appeal with special force to buyers whose spending power is limited. German goods, in turn, are gradually being ousted by the still cheaper goods from Japan. There is, however, still a large market for quality goods and the preference has undoubtedly been more helpful here in assisting the United Kingdom to maintain its share of this trade *vis-à-vis* the U.S.A. and Sweden.

The following notes give the statistical position in each section of the trade :—

Agricultural Implements.—This trade has been reduced to a mere fraction of its 1929-30 total of Rs.14 lakhs and is still dwindling owing to the production in India of the cheaper types of kodolies, mamooties, pickaxes, hammer heads, etc., by the Agricultural Implements Co. of Jamshedpur (a branch of the Tata Iron & Steel Co., Ltd.). Imports are now confined to the better class hoes, forks, etc., used in the European-managed tea gardens of Assam and Southern India. In 1934-5, the United Kingdom supplied 75 per cent., the U.S.A. 12 per cent. and Germany 7 per cent.

Galvanised Buckets.—Imports, even before the depression, were confined to Burma but have now practically ceased, as buckets can so easily be made locally from either imported or Indian-manufactured sheets.

Builders' Hardware, such as Locks, Hinges, Door bolts, etc.—The imports in 1934-5 were drawn from the United Kingdom (18 per cent.), Germany (55 per cent.), Sweden (18 per cent.) and Japan

(5 per cent.). The German firms have managed to maintain the volume of their shipments while the reduction in the trade has been borne by the United Kingdom. The Swedish share remains fairly constant. Domestic production of the simpler forms such as tower bolts, plain locks, etc., is increasing rapidly under the fortuitous protection of a 30 per cent. import duty against the Continent and Japan. Local productions, however, are likely to compete more with German and Japanese goods than with the higher-grade imports from the United Kingdom.

Domestic Hardware.—Arrivals from the United Kingdom in 1934-5 represented 27 per cent., the U.S.A. 26 per cent., Germany 22 per cent. and Japan 19 per cent. Imports from Germany and the U.S.A. have declined during the last few years, the United Kingdom has held its position, while the Japanese imports steadily advance.

Enamelled Ironware.—A slight increase in the total trade took place last year but the aggregate is barely two-thirds of the 1929-30 total. In 1934-5, the United Kingdom supplied 7 per cent., Japan 55 per cent., Czechoslovakia 19 per cent., Germany 5 per cent., Hungary 4 per cent. and Sweden 3 per cent. The heavy minimum specific duties on all foreign imports imposed in December, 1933, have given a severe check to imports from Japan and Germany, but have affected Czechoslovakia to a lesser extent. The United Kingdom share remains steady and is not likely to increase as the Wolverhampton product is too high-grade for the cheap bazaar trade.

Gas Mantles.—The imports are still less than 50 per cent. of the 1929-30 total. In 1934-5, Germany shipped 72 per cent., the United Kingdom 17 per cent. and lesser proportions were derived from the U.S.A. and Sweden. The principal markets are Bombay and Calcutta.

Implements and Tools.—Total imports again advanced by Rs.8 lakhs to Rs.56 lakhs, which compares with Rs.71 lakhs in 1929-30. In 1934-5, the United Kingdom supplied 53 per cent., the U.S.A. 18 per cent., Germany 17 per cent., Sweden 4 per cent. and Japan 2½ per cent. The fact that arrivals from the U.S.A. have declined while United Kingdom imports have increased suggests that the preference enjoyed by United Kingdom manufacturers has helped them to retain their trade in the higher-grade tools. Imports from Germany remain fairly steady. The trade with Sweden and Japan has increased. As I have repeatedly stated, a more intensive sales effort is required on the part of United Kingdom manufacturers and more interest should be taken in the supervision and support of agents. In these times of severe competition, it is not sufficient to make a sale, cash against documents, to a merchant in London and then expect him to do the rest.

Metal Lamps.—The trade stands at about two-thirds of the pre-slump total. The imports in 1934-5 were drawn from Germany (67 per cent.), the U.S.A. (19 per cent.), Japan (4 per cent.) and Sweden (3 per cent.). The United Kingdom contributed a mere 1½ per cent. The U.S.A. has regained the position lost owing to the exchange handicaps in 1932-3 and 1933-4. Japan is likely to become a serious competitor in future. Birmingham has entirely lost the trade it enjoyed before the War, being completely under-sold by Germany and the U.S.A., quite apart from Japan.

Safes and Strong Boxes of Metal.—The trade worth Rs.2 lakhs in 1929-30, has fallen away to a trivial £2,000 worth, owing to the substitution of serviceable safes manufactured by the Godrej and Boyce Manufacturing Co. of Bombay and the increasing use of Indian strong boxes made at Multan and elsewhere. Bankers' strong-rooms and the highest grades of safes are still supplied by United Kingdom makers when required, but there have been few major bank extensions of late.

Stoves.—The imports have declined from Rs.10½ lakhs in 1929-30 to Rs.5 lakhs in 1935-6, of which in 1934-5, 16 per cent. from the United Kingdom, 69 per cent. from Sweden and negligible quantities from the U.S.A., Germany and Austria. The principal markets are Bombay and Calcutta.

Other Sorts.—This miscellaneous classification accounts for nearly 50 per cent. of the total imports. It was shared in 1934-5 by the United Kingdom (43 per cent.), Germany (22 per cent.), Japan (10 per cent.), the U.S.A. (5 per cent.), Czechoslovakia (4 per cent.), Sweden (3 per cent.) with lesser values from Belgium, France, and Austria.

Cutlery.—The classification distinguishes between pruning knives—a United Kingdom trade which is not subject to preferential duty—and ordinary cutlery, the imports of which from the United Kingdom are subject to a preference of 10 per cent. Imports rose last year by Rs.1 lakh to Rs.29 lakhs, which is still well behind the pre-depression figure of Rs.41 lakhs.

				1933-4.	1934-5.	1935-6.
				Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
Pruning Knives	...	...	...	1	2	2
Other Kinds	...	...	...	24	26	27
Total Imports				25	28	29
of which from—				—	—	—
United Kingdom	...	...	...	8	8	9
Germany	...	...	...	14	15	16
Japan	...	...	...	3	3	3
Other Countries	...	...	...	—	2	1
Total Imports				25	28	29

The United Kingdom normally supplies the whole of the pruning knives, but in 1934-5 Holland shipped Rs.44,000 worth. As prosperity returns to the tea gardens, the trade is likely to revive.

The large bazaar demand for cheap cutlery has, for many years, been a close preserve of Germany. The preferential duty enables Sheffield makers just to maintain their position in the high-grade and to secure a slightly better share of the medium-grade goods. Cheap cutlery from Japan will probably secure a steadily increasing sale.

Polishes.—A steady improvement during the past three years has brought the total trade to Rs.25 lakhs, which is within a lakh of the 1929-30 total. The classification is made up as follows :—

<i>Article.</i>			
	<i>1933-4.</i>	<i>1934-5.</i>	<i>1935-6.</i>
	<i>Rs. (lakhs).</i>	<i>Rs. (lakhs).</i>	<i>Rs. (lakhs).</i>
Leather Polish	12	13	13
Metal Polish	4	4	4
Wood Polish	1	1	1
Other Sorts	5	5	7
	—	—	—
Total	22	23	25
	—	—	—

In 1934-5, the United Kingdom supplied 93 per cent. of the total, the only appreciable competition being from the U.S.A., which provided Rs.15,000 worth of leather polish, Rs.15,000 worth of metal polish, Rs.20,000 worth of wood polish and Rs.68,000 worth of other sorts. There is, at present, no preferential duty on polishes.

Arms, Ammunition and Military Stores.—The fluctuations of the imports on account of the Government of India were as follows :—

<i>1933-4.</i>	<i>1934-5.</i>	<i>1935-6.</i>
<i>Rs. (lakhs).</i>	<i>Rs. (lakhs).</i>	<i>Rs. (lakhs).</i>
23	47	19

There is, however, a considerable import on private account, which is made up as follows :—

<i>Description.</i>		
	<i>1934-5.</i>	<i>1935-6.</i>
	<i>Rs. (lakhs).</i>	<i>Rs. (lakhs).</i>
Shotgun Cartridges (filled)	7	8
Rifle and other Cartridges (filled)	3	2
Cartridge Cases (empty)	*	†
Explosives	22	25
Firearms and parts thereof	8	9
Gunpowder	‡	1
Other Sorts	2	4
	—	—
Total	42	49
	—	—

* Rs. 23,983.

† Rs. 22,152.

‡ Rs. 55,563.

Filled cartridge cases were obtained in 1934-5 from the United Kingdom (83 per cent.), the U.S.A. (10 per cent.), with small quantities from Germany and Belgium. The U.S.A. is increasing

its share of the market, its ammunition being popular and actively distributed. The small quantity of empty cartridge cases was drawn from the United Kingdom. The important trade in explosives registered a further advance and now amounts to Rs.25 lakhs as compared with Rs.28 lakhs in 1929-30. This is largely attributable to the activity in the Kolar goldfields, in the non-ferrous mines of Burma and some improvement in the Indian coal industry. The United Kingdom provided 95 per cent. and Germany 3 per cent. (mostly blasting fuses). Of the firearms and parts thereof, the United Kingdom contributed 78 per cent., Germany 8 per cent., the U.S.A. 5 per cent. and Belgium 4 per cent. The trade has fallen from a pre-depression total of over Rs.20 lakhs to Rs.8½ lakhs due to restricted purchasing power and the more rigid application of the Arms Act.

Brushes and Brooms.—This heading includes :—

<i>Description.</i>					<i>1934-5. Rs. (lakhs).</i>	<i>1935-6. Rs. (lakhs).</i>
Paint and Varnish Brushes	...	...	...	...	2	3
Toilet Brushes	...	...	...	...	6	6
Other Brushes	...	...	...	...	5	4
Brooms	...	...	...	...	*	†
Total Imports					14	14

* Rs. 32,737.

† Rs. 30,524.

Paint and varnish brushes in 1934-5 were drawn from the United Kingdom (69 per cent.) and Germany (28 per cent.). In the case of toilet brushes, however, the position is reversed, the United Kingdom only supplying 40 per cent., the U.S.A. 25 per cent., Japan 17 per cent. and Germany 14 per cent. There has been a most satisfactory expansion in the share of the United Kingdom since the preference was introduced: this has been at the expense of the U.S.A. and Germany. Other brushes for industrial and general use are supplied by the United Kingdom (48 per cent.), Japan (22 per cent.), Germany (14 per cent.) and the U.S.A. (11 per cent.). The small trade in brooms is shared by the United Kingdom and the Straits Settlements.

Toys and Requisites for Games and Sports.—The trade has steadily declined from Rs.53 lakhs in 1933-4 to Rs.50 lakhs in 1934-5 and Rs.47 lakhs in the year under review. This compares with a 1929-30 total of Rs.65 lakhs. The fall in purchasing capacity has naturally affected this quasi-luxury trade, which has been still further reduced by the competition of Indian industry. Detailed figures are not available for 1935-6, but, in the preceding year, toys accounted for Rs.32 lakhs and were derived from Japan (78 per cent.), the United Kingdom (12 per cent.) and Germany (6 per cent.). While the United Kingdom share has remained fairly steady, imports from Japan have more than doubled in five years at the expense of Germany and the U.S.A.

Playing cards of a total value of Rs.10 lakhs were imported from Japan (48 per cent.), the U.S.A. (20 per cent.), the United Kingdom (19 per cent.) and Belgium (11 per cent.). Requisites for games and sports valued at Rs.8½ lakhs were drawn from the United Kingdom (71 per cent.), Norway (9 per cent.), Japan (6 per cent.), Germany (4 per cent.) and the U.S.A. (3 per cent.). The United Kingdom maintains its relative position so far as imports are concerned, but the growing demand for cheap requisites is being increasingly met from Indian factories at Sialkot and other towns in the Punjab. India last year exported nearly Rs.6 lakhs worth, including over Rs.2 lakhs worth to the United Kingdom.

Tea Chests (entire or in sections).—The total imports closely follow the fluctuating fortunes of the Indian tea industry and showed an expansion of Rs.6 lakhs last year.

<i>Countries of Consignment.</i>			<i>1933-4. Rs. (lakhs).</i>	<i>1934-5. Rs. (lakhs).</i>	<i>1935-6. Rs. (lakhs).</i>
United Kingdom	...	...	38	39	42
Finland	...	...	2	2	2
Estonia	...	...	8	7	10
Other Countries	...	...	5	4	4
			—	—	—
Total	...	...	53	52	58
			—	—	—

The imports of metal tea-chests into Southern India have recovered to Rs.1½ lakhs and are all drawn from the United Kingdom. Imports of wooden chests from Germany have fallen to Rs.1½ lakhs in value. Arrivals of "Momi" chests from Japan fell from Rs.2 lakhs to Rs.1½ lakhs between 1933-4 and 1934-5.

Umbrellas and Umbrella Fittings.—The imports of complete umbrellas, including parasols and sunshades, were as follows:—

<i>Countries of Consignment.</i>	<i>1934-5.</i>		<i>1935-6.</i>	
	<i>No.</i>	<i>Rs. (lakhs).</i>	<i>No.</i>	<i>Rs. (lakhs).</i>
United Kingdom ...	21,099	*	26,932	†
Other Countries ...	259,428	1	326,336	1
Total ...	280,527	1	353,268	2

* Rs. 59,370.

† Rs. 66,848.

The trade is still less than half its volume in 1929-30. The heading of "Other Countries" included in 1934-5 Rs.60,000 from Japan and Rs.9,000 from France.

Umbrella Fittings.—Despite an increase of Rs.5 lakhs since 1933-4 to the current total of Rs.27 lakhs, the trade is still only 50 per cent. of the pre-slump average.

<i>Countries of Consignment.</i>	<i>1933-4. Rs. (lakhs).</i>	<i>1934-5. Rs. (lakhs).</i>	<i>1935-6. Rs. (lakhs).</i>
United Kingdom	3	2	3
Germany	5	6	7
Japan	14	17	17
Other Countries	—	1	—
Total	22	26	27

Japan is rapidly acquiring a dominant position in this trade at the expense of Germany. Italian and French supplies have been practically eliminated. The trade in United Kingdom fittings is also steadily and surely falling before the onslaught of such low-priced goods.

Jewellery and Plate of Gold and Silver (excluding Imitation Jewellery, Precious Stones and Pearls unset).

<i>Article.</i>	<i>1933-4. Rs. (lakhs).</i>	<i>1934-5. Rs. (lakhs).</i>	<i>1935-6. Rs. (lakhs).</i>
Jewellery	2	16	7
Plate of Gold and Silver ...	3	5	4
Total	5	21	11

The imports of jewellery have fluctuated widely of recent years and are well below the pre-depression total of Rs.20 lakhs. In 1934-5 they were drawn from the United Kingdom (36 per cent.), France (60 per cent.) and very small values from Germany, Italy and Ceylon. The United Kingdom provided 74 per cent. of the gold and silver plate, China 11 per cent. and there were small values from Germany, Sweden, France, Belgium and Japan.

Electro-plated Ware.—Reduced purchasing power coupled with high import duties are severely affecting these quasi-luxury trades.

<i>1933-4.</i>	<i>1934-5.</i>	<i>1935-6.</i>
Rs. 2,70,783.	Rs. 2,31,272.	Rs. 2,21,255.

The United Kingdom in 1934-5 supplied 92 per cent. and Germany 4 per cent.

Carriages and Carts and Parts thereof.—The total imports were :—

<i>1933-4. Rupees.</i>	<i>1934-5. Rupees.</i>	<i>1935-6. Rupees.</i>
5,91,647.	8,17,167.	9,43,464.

In 1934-5, the United Kingdom contributed 71 per cent., Japan (largely jinrickshas) 12 per cent., Germany 7 per cent. and small values from the Straits Settlements, U.S.A. and Belgium.

Oil Cloth and Floor Cloth.—The total trade, valued at Rs.12 lakhs in 1929-30, has remained stationary at about Rs.6½ lakhs.

<i>1933-4. Rupees.</i>	<i>1934-5. Rupees.</i>	<i>1935-6. Rupees.</i>
5,80,658.	7,06,707.	6,69,157.

In 1934-5, the United Kingdom supplied 57 per cent., the U.S.A. 15 per cent., Belgium 14 per cent. and lesser values from Germany and France. The United Kingdom position has considerably improved since the preferential duty was introduced in 1933.

Furniture and Cabinet Ware.—The pre-depression total was Rs.38 lakhs. Recent imports total :—

1933-4. Rs. (lakhs).	1934-5. Rs. (lakhs).	1935-6. Rs. (lakhs).
17	20	23

In 1934-5, the United Kingdom supplied 52 per cent., Germany 9 per cent., Italy 7 per cent., Japan 4 per cent. and the U.S.A. $7\frac{1}{2}$ per cent. Bedsteads are mainly obtained from the United Kingdom (Rs.1,18,000) with some competition from the U.S.A. (Rs.30,000) in camp cots. Of the wooden furniture (other than bedsteads), the United Kingdom provided 60 per cent., the balance being obtained from Poland, Japan, Czechoslovakia and Estonia. Furniture (other than bedsteads) of other materials than wood, amounting to Rs.9 lakhs, was drawn from the United Kingdom (69 per cent.), Japan (6 per cent.), France (6 per cent.) and lesser values from Germany, the U.S.A. and Czechoslovakia. The Rs.4½ lakhs of mouldings were divided between Italy (Rs.1.5 lakhs) and Germany (Rs.1.4 lakhs). The United Kingdom only supplied Rs.6,000 worth.

Manures (excluding Oil Cakes).—The imports of fertilisers of all kinds after falling from Rs.99 lakhs in 1929-30 to Rs.36 lakhs in 1931-2 recovered to Rs.67 lakhs in 1934-5 and Rs.71 lakhs in 1935-6. The principal items were :—

Description.	1934-5.		1935-6.	
	Tons.	Rs. (lakhs).	Tons.	Rs. (lakhs).
<i>Nitrogenous—</i>				
Nitrate of Soda ...	3,519	3	2,714	3
Sulphate of Ammonia	40,875	40	46,385	46
Others	708	1	488	*
<i>Potassic—</i>				
Muriate of Potash ...	3,937	4	3,376	3
Others	1,796	2	1,099	1
<i>Phosphatic—</i>				
Superphosphate ...	4,750	3	6,483	5
Others	1,116	1	3,951	3
<i>Compounds—</i>				
Ammonium Phosphate	7,503	11	5,529	8
Fish Manures	1,143	1	1,479	1
Others	1,134	1	706	1
Total Imports ...	66,481	67	72,210	71

* Rs. 43,723.

In 1934-5, the United Kingdom supplied 76 per cent. including practically all the sulphate of ammonia, and 90 per cent. of the ammonium phosphate. Japan sent 4 per cent., mainly superphosphates and Belgium 3 per cent., mainly nitrate of soda, muriate of potash and superphosphates. Germany supplied 3 per cent. largely miscellaneous potassic fertilisers and muriate of potash. The U.S.A. also contributed 3 per cent., half of which was ammonium phosphate and the balance divided between sulphate of ammonia and nitrate of soda. Fish manures were drawn from Arabia and nitrate of soda from Chile, the United Kingdom, Belgium, Norway and the U.S.A.

India presents one of the greatest potential markets in the world for artificial fertilisers, the only limiting factor being the poverty and intense conservatism of the ryot. There is no doubt, however, that, as a result of the intensive propaganda campaign of the leading United Kingdom group following upon years of persuasion by officers of the agricultural departments, the ryot has learnt to appreciate the value of synthetic fertilizers. The Madras Presidency leads the way, but is being followed by Bengal and Bombay. As I have repeatedly stated, once the ryot recovers his buying power as a result of improvement in world values of agricultural products, we may expect to see a very large increase in the imports of all fertilisers and particularly of sulphate of ammonia and phosphates. It is to be hoped that the very fine pioneer work which has been carried on for years by the leading United Kingdom group of manufacturers will at last bear fruit.

Matches.—This trade is the most outstanding example of tariff protection completely destroying an import trade which yielded an average annual importation of 12,725,000 gross boxes valued at Rs.177 lakhs. (£1,327,000) in the early post-War years. The market is now supplied by the local factories of the Swedish Match Combine.

Imports in 1935-6 were reduced to 107,013 gross valued at little over Rs.1 lakh (£8,000). These meagre imports of specialities were drawn from Sweden and Germany with a mere £400 worth from the United Kingdom. It should be borne in mind, however, that although the United Kingdom is not concerned with the export of matches to India, the London market has a considerable financial interest in the Indian business of the Swedish Group.

Packing (Engine and Boiler) of all kinds (excluding Asbestos).—The market which in normal times is worth about Rs.5 lakhs, fell to under Rs.3 lakhs in 1933-4 but has now slightly recovered to Rs.4 lakhs. The United Kingdom supplies 88 per cent., only small quantities being obtained from the U.S.A. and Holland.

1933-4.
Rupees.
2,86,297.

1934-5.
Rupees.
3,64,464.

1935-6.
Rupees.
3,67,066.

Toilet Requisites.—This comprehensive heading includes all articles for toilet use not separately classified elsewhere :—

1933-4.	1934-5.	1935-6.
Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
57.	64.	66.

Last year's imports are very near the pre-slump figure of Rs.73 lakhs. It is remarkable that imports of semi-luxury articles such as these should have been so well maintained. This is clear proof of the rapidly changing outlook of Young India, of both sexes, towards Western habits and ways, and of the increasing use of cosmetics, beauty preparations, etc. In 1934-5, the United Kingdom contributed 38 per cent., the U.S.A. 25 per cent., Japan 17 per cent., Germany 7 per cent. and France 4 per cent. Since the United Kingdom has been in enjoyment of the 10 per cent. preference it has improved its position *vis-à-vis* the U.S.A. and the Continent. Japanese imports increase rapidly but are, in the main, non-competitive. The United Kingdom manufacturer has much to learn from the active selling methods and more generous treatment of agents employed by U.S.A. makers of widely-advertised branded goods.

Articles imported by post (not included elsewhere).—The postal traffic under this head has fallen off materially due partially to the depression, but also due to a re-classification of the Trade Returns. Jewellery, precious stones, gold and silver thread, cigarettes and cinematograph films when imported by post and referred to the Customs authorities for assessment to duty are now included under their appropriate headings in the import returns. The figures of the traffic for the last three years are :—

1933-4.	1934-5.	1935-6.
Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
2,41.	2,54.	2,42.

In 1934-5, the United Kingdom supplied 56 per cent., Switzerland (embroideries and lace) 22 per cent., Italy 9 per cent., France 3 per cent. and Germany 2 per cent.

The cash-on-delivery system with the United Kingdom has fallen off considerably during the depression : it is known in India as the Imperial value-payable post system and is a great convenience to British residents in India. The following are the returns of C.O.D. parcels received from the United Kingdom and the Irish Free State in 1933-4 and 1934-5.

Year.	Number.	Value.
		£
1933-4	43,140	126,600
1934-5	41,215	119,700

Of these parcels, 1,677 or 4.07 per cent. of the total number were returned as undeliverable in 1934-5.

RAW MATERIALS AND SEMI-MANUFACTURED ARTICLES.

Coal.—There has been a rise in the total trade from 56,754 tons valued at Rs.9 lakhs in 1934-5 to 59,437 tons valued at Rs.9½ lakhs in 1935-6. The market now is confined to ports such as Bombay, Karachi and Rangoon, which are most remote from the Indian coalfields. As a result of strenuous efforts on the part of the Indian coal companies coupled with special railway rates, Bengal coal has now regained its position in the cotton mills of Bombay and Ahmedabad. The import trade is stationary at 25 per cent. of the total for 1929-30. The most recent figures are :—

Countries of Consignment.	1934-5.		1935-6.	
	Tons.	Rs. (lakhs).	Tons.	Rs. (lakhs).
United Kingdom ...	11,580	2	10,291	2
Union of South Africa	32,353	5	19,203	3
Australia ...	4,491	1	5,287	1
Other Countries ...	8,330	1	24,656	3.5
Total ...	56,754	9	59,437	9.5

Coke.—The relatively small imports of coke are well maintained and compare favourably with pre-slump totals.

	1933-4.	1934-5.	1935-6.
Tons ...	19,791	14,168	16,454
Rupees ...	4,41,877	3,32,567	3,72,370

Burma is the only market for coke as the Indian Peninsula is served from domestic sources. In 1934-5, Natal supplied 72 per cent., the United Kingdom 23 per cent. and Germany 3 per cent.

Mineral Oils.—When reading the following statistics, it must be borne in mind that the oilfields in Burma, Assam and the Punjab supply enormous quantities of refined petroleum products such as kerosene, petrol and batching oils :—

Kerosene Oil—

Countries of Consignment.	1933-4.		1934-5.		1935-6.	
	1,000 Gallons	Rs. (lakhs).	1,000 Gallons	Rs. (lakhs).	1,000 Gallons	Rs. (lakhs).
U.S.S.R. ...	38,234	1.50	43,363	1.48	46,855	1.44
Roumania ...	9,974	28	2,788	7	2,340	8
Iran ...	292	2	6,769	36	10,805	46
Sumatra ...	1,697	11	9,575	41	4,684	16
Java ...	4,217	18	1,423	3	—	—
Borneo ...	—	—	3,095	15	—	—
U.S.A....	2,265	13	858	6	331	3
Other Countries	1,469	4	775	5	734	5
Total ...	58,148	2.26	68,646	2.61	65,749	2.22

Practically the whole of the imports of kerosene are now obtained in bulk, only small quantities of special grades arriving from the U.S.A. and the Straits Settlements in tins. Russian kerosene is invading all markets as bulk storage facilities are being extended.

Fuel Oils.—The imports were :—

<i>Countries of Consignment.</i>	<i>1933-4.</i>		<i>1934-5.</i>		<i>1935-6.</i>	
	<i>1,000 Gallons.</i>	<i>Rs. (lakhs).</i>	<i>1,000 Gallons.</i>	<i>Rs. (lakhs).</i>	<i>1,000 Gallons.</i>	<i>Rs. (lakhs).</i>
U.S.S.R. ...	2,958	5	912	1	2,117	3
Roumania ...	8,542	15	1,164	2	—	—
Iran ...	62,340	1,18	83,428	1,45	104,463	1,64
Borneo ...	29,489	53	24,994	42	31,515	52
Other Countries	541	2	765	2	432	1
Total ...	103,870	1,93	111,263	1,92	138,527	2,20

The Anglo-Iranian Oil Co., Ltd., supplies the bulk of the fuel oils, 50 per cent. of which enter India *via* Bombay.

Petrol.—Imports under the Customs heading of "Petroleum, dangerous, flashing below 76° F. including petrol, benzine and benzol" fluctuate considerably in accordance with the dispositions of the controlling oil companies.

<i>1,000 Gallons.</i>	<i>1933-4.</i>		<i>1934-5.</i>		<i>1935-6.</i>	
	<i>Rs. (lakhs).</i>	<i>1,000 Gallons.</i>	<i>Rs. (lakhs).</i>	<i>1,000 Gallons.</i>	<i>Rs. (lakhs).</i>	<i>1,000 Gallons.</i>
1,606	6	1,483	7.5	2,078	14.5	

In 1934-5, the imports were drawn from the U.S.S.R. (59 per cent.), Iran (28 per cent.) and small quantities from Belgium, Germany and the U.S.A.

Batching Oils.—The depression pervading the Bengal jute industry is shown by the further reduction of imports to the low-watermark of Rs.26 lakhs.

<i>Countries of Consignment.</i>	<i>1933-4.</i>		<i>1934-5.</i>		<i>1935-6.</i>	
	<i>1,000 Gallons.</i>	<i>Rs. (lakhs).</i>	<i>1,000 Gallons.</i>	<i>Rs. (lakhs).</i>	<i>1,000 Gallons.</i>	<i>Rs. (lakhs).</i>
Borneo (Dutch)	1,359	6	1,757	7.5	854	4
U.S.A....	5,821	28	5,570	25.5	6,815	19
Other Countries	190	1	1,630	7	758	3
Total ...	7,370	35	8,957	40	8,427	26

Other Lubricating Oils.—This trade is one which closely concerns United Kingdom interests. Total imports at Rs.96 lakhs compare with Rs.130 lakhs in 1929-30.

<i>Countries of Consignment.</i>	<i>1933-4.</i>		<i>1934-5.</i>		<i>1935-6.</i>	
	<i>1,000 Gallons.</i>	<i>Rs. (lakhs).</i>	<i>1,000 Gallons.</i>	<i>Rs. (lakhs).</i>	<i>1,000 Gallons.</i>	<i>Rs. (lakhs).</i>
United Kingdom	2,349	25.5	2,067	23	2,332	23.5
Belgium ...	35	.5	61	1	—	—
U.S.A....	7,985	72	7,554	67	8,209	69
Other Countries	427	3	609	4	374	3
Total ...	10,796	1,01	10,291	95	10,915	95.5

The United Kingdom manufacturers and blenders of lubricating oils enjoy a preference of 2 annas per gallon and are well-represented in the market. It is somewhat surprising that the preference has not enabled them to make greater progress at the expense of the U.S.A. and other competitors. The steady development of aviation should create an increasing demand for the finest grades of United Kingdom lubricants.

Salt.—As a result of the heavy duty of $2\frac{1}{2}$ annas per maund of 82 $\frac{2}{7}$ pounds avoirdupois over and above an excise duty of Rs.1/9/- imports have fallen from 703,643 tons valued at Rs.115 lakhs in 1930-1 to 387,252 tons valued at Rs.56 lakhs in 1935-6.

Principal Countries of Consignment.	1934-5.		1935-6.	
	Tons.	Rs. (lakhs).	Tons.	Rs. (lakhs).
United Kingdom ...	527	1	1,233	1
Germany ...	60,175	10	80,718	14
Aden and Dependencies	295,221	38	293,962	39
Egypt ...	13,126	2	11,270	2
Italian East Africa ...	8,390	1	—	—
Other Countries ...	131	—	69	—
Total ...	377,570	52	387,252	56

As the additional duty of $2\frac{1}{2}$ annas per maund is not levied on Aden salt, imports from that quarter have shown a steady increase of recent years. Arrivals from Germany although much below the 1930-1 figures, show a marked tendency to expand. Before the War, the United Kingdom supplied $22\frac{1}{2}$ per cent. of a total import of 607,300 tons and salt provided a most convenient form of ballast for steamers leaving Liverpool. The extinction of the trade, however, was inevitable in view of the determination of the Government of India to protect Indian salt production.

Sugar.—The imports of sugar of all kinds, which reached their peak in 1929-30 at 1,011,315 tons valued at Rs.1,577 lakhs, have, as a result of the protective duty of Rs.9/1/- per cwt. imposed in 1932 shrunk to 201,158 tons valued at Rs.191 lakhs in the year under review. There are now over 150 modern cane factories operating in India. Although the imposition, in the 1934-5 budget, of an excise duty of Rs.1/5/- per cwt. has partially offset the loss of revenue caused by the gradual extinction of the trade, the sugar import duties had always been one of the mainstays of Customs revenue and their rapid exhaustion will most seriously affect the revenue position.

Sugar, 23 Dutch Standard and above.

<i>Countries of Consignment.</i>	<i>1933-4. Rs. (lakhs).</i>	<i>1934-5. Rs. (lakhs).</i>	<i>1935-6. Rs. (lakhs).</i>
United Kingdom	13	1	3
Java	1,98	1,64	1,40
China (including Hongkong)...	3	3	3
Japan	4	2	4
Portuguese East Africa	18	10	16
Other Countries	3	3	1
Total	2,39	1,83	1,67

Sugar, below 23 Dutch Standard but not below 16 D.S.

<i>Countries of Consignment.</i>	<i>1933-4. Rs. (lakhs).</i>	<i>1934-5. Rs. (lakhs).</i>	<i>1935-6. Rs. (lakhs).</i>
China	2	2	1.75
Japan	1	1	1.34
Other Countries	—	—	.42
Total	3	3	3.51

Beet Sugar.—Imports of beet sugar have fluctuated, varying with the relative price of cane sugar, between 118,000 tons and 24,000 tons during the past five years. Imports during the past six years were:—

1930-1.	78,119 tons valued at Rs. 87 lakhs.
1931-2.	118,359 tons valued at Rs. 125 lakhs.
1932-3.	40,690 tons valued at Rs.42 lakhs.
1933-4.	27,556 tons valued at Rs.28 lakhs.
1934-5.	26,811 tons valued at Rs.24 lakhs.
1935-6.	23,573 tons valued at Rs.20 lakhs.

The following statement shows the provenance:—

<i>Countries of Consignment.</i>	<i>1933-4. Rs. (lakhs).</i>	<i>1934-5. Rs. (lakhs).</i>	<i>1935-6. Rs. (lakhs).</i>
United Kingdom	25	14	18
Netherlands	1	2	2
Hungary	2	—	—
Other Countries	—	8	1
Total	28	24	21

The imports are almost exclusively into Karachi (Rs.17 lakhs) with lesser values (Rs.4 lakhs) into Bombay. "Other countries" in 1934-5 included Rs.4 lakhs from Poland and Rs.1½ lakhs from Belgium.

The following table gives the other types of imported sugar:—

	<i>1933-4. Rupees.</i>	<i>1934-5. Rupees.</i>	<i>1935-6. Rupees.</i>
Sugar, 15 D.S. and below ...	456	948	1,873
Molasses	68,388	8,371	133

The trade in molasses, which aggregated over Rs.40 lakhs in 1930-1, is now extinct as a result of the development of the local industry. The disposal of the enormous quantities of molasses, which are accumulating in the country, presents a serious problem which has not yet been solved.

IMPORTS INTO THE MARITIME STATES OF KATHIAWAR.

In view of the rapid expansion of the import trade through the ports of the Maritime States of Kathiawar which has developed largely at the expense of Bombay and as these figures are not included in the Import Returns of British India, I append the following table which shows (a) the growth of the traffic during the past three years, (b) the distribution of imports by countries and (c) the share of the several States:—

VALUES.

Twelve months 1st April to 31st March.

Distribution of Imports by Countries.	1933-4. Rs.	1934-5. Rs.	1935-6. Rs.
From United Kingdom	1,14,77,615	1,44,59,315	1,65,23,978
„ Ceylon	1,53,261	1,63,990	2,13,611
„ Straits Settlements	93,465	1,35,325	1,19,042
„ Hongkong	47,604	27,766	11,022
„ Union of South Africa	71,139	91,188	369
„ Kenya Colony	86,26,103	34,858	10,90,889
„ Other parts of the British Empire	36,052	80,97,745	5,80,777
Total British Empire	2,05,05,239	2,30,10,187	1,85,39,688
From Union of Socialist Soviet Republics	2,58,349	1,15,152	51,218
„ Sweden	2,30,276	3,29,628	3,87,587
„ Norway	1,18,272	1,63,828	2,06,581
„ Denmark	700	—	101
„ Poland	97,161	3,85,432	1,75,478
„ Germany	33,76,383	39,64,140	48,02,896
„ Netherlands	5,89,478	9,92,190	9,17,030
„ Belgium	23,59,873	23,74,812	18,67,916
„ Luxembourg... ..	2,12,267	3,44,724	3,27,339
„ France	3,18,321	3,63,795	5,05,471
„ Switzerland... ..	69,677	2,18,029	1,08,253
„ Italy... ..	1,04,154	1,60,483	1,63,995
„ Czechoslovakia	74,115	1,78,139	1,43,957
„ Iraq	2,67,772	5,91,180	5,80,172
„ Iran	2,56,461	1,50,084	1,66,863
„ Java... ..	61,65,002	91,05,088	75,71,021
„ Arabia	3,75,420	2,70,437	2,16,083
„ China (exclusive of Hong- kong and Macao)	74,882	2,75,624	3,04,917
„ Japan	19,64,891	38,40,391	42,18,831
„ Egypt	27,71,717	33,69,877	40,50,946
„ Portuguese East Africa	6,01,361	2,954	—
„ U.S.A.	8,67,092	13,30,432	10,22,217
„ Other Foreign Countries	1,21,084	3,73,934	7,67,444
Total Foreign Countries	2,12,74,708	2,89,00,353	2,85,56,316
Total	4,17,79,947	5,19,10,540	4,70,96,004

Distribution of Imports by Countries—*contd.*

	1933-4	1934-5	1935-6
	Rs.	Rs.	Rs.
Share of Baroda	48,87,267	43,22,522	40,77,415
Bhavnagar	2,29,94,631	2,95,71,470	2,43,17,242
Jafarabad	4,23,445	2,47,312	4,07,175
Junagadh	23,21,102	19,82,667	29,89,054
Morvi	24,88,992	45,20,622	34,59,288
Nawanagar	59,57,053	72,06,305	1,04,84,416
Porbandar	27,07,457	40,59,642	13,61,414
Total Imports	4,17,79,947	5,19,10,540	4,70,96,004

A summarised table of the imports by commodities is not available but the following statement shows the development of a few of the principal items during the past three years :—

Articles.	1933-4.	1934-5.	1935-6.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
Cotton (raw)	1,14	1,14	56
Sugar	75	96	77
Iron or Steel (also included in the following item)	50	54	65
Metals and ores of all kinds	78	87	95
Cotton manufactures	19	63	71
Artificial Silk manufactures	7	9	5
Machinery	25	16	18
Chemicals	15	16	20
Hardware	7	8	8
Instruments and apparatus	7	6	8
Oils of all kinds	11	13	9
Paints and Painters' materials	3	4	4
Paper and Pasteboard	7	11	11
Soap	3	2	1
Rubber manufactures	1	2	3
Motor Cars... ..	4	5	7
Motor Trucks	—	1	1

It will be observed that raw cotton for use in the mills of Ahmedabad and Upper India, metals, sugar, cotton manufactures, chemicals and machinery constitute the principal items of import.

The following summarised statistics of the imports into British India from Kathiawar States across the Viramgam-Dhandhuka Customs line are interesting as showing the proportion of the trade which finds its way into British India :—

	1933-4.	1934-5.	1935-6.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
Total Foreign Goods (duty free or dutiable passed with or without concession)	2,83	3,55	3,15
Total Imports into Kathiawar Ports	4,18	5,19	4,71
Balance representing consumption in the States or not otherwise accounted for ...	1,35	1,64	1,56

APPENDIX I.

PROVISIONAL DRAFT OF INDIA AND BURMA TRADE
REGULATION ORDER.

Whereas by sections 160 and 453 of the Government of India Act, 1935, His Majesty in Council is empowered, for the purpose of preventing undue disturbance of trade between India and Burma in the period immediately following the separation of India and Burma and of safeguarding the economic interests of Burma during that period, to give such directions as he thinks fit with respect to the duties which are, while the Order is in force, to be levied on goods imported into or exported from India or Burma and with respect to ancillary and related matters;

And whereas the Governor General of India in Council and the Governor of Burma in Council have come to an agreement in the matter;

Now, therefore, His Majesty is pleased, by and with the advice of his Privy Council, to order and it is hereby ordered as follows:—

1. This Order may be cited as the India and Burma Trade Regulation Order, 1935.

2. This Order shall come into force on the date with effect from which Burma shall be separated from India (hereinafter referred to as the date of separation).

3. Except as otherwise provided in this Order—

(1) no customs duties or cesses shall be leviable in British India on goods imported from or exported to Burma by sea other than those, if any, leviable at the date of separation; and

(2) no customs duties or cesses shall be leviable in Burma on goods imported from or exported to British India by sea other than those, if any, leviable at the date of separation:

Provided that this Article shall not apply to:—

(a) opium, salt, salted fish, or spirit, or

(b) goods brought in bond, or

(c) goods brought from a place beyond the limits of British India and Burma to a port in British India or in Burma and without payment of duty, there transhipped for, or thence carried to, and imported at, a port in the other country.

4. Except as otherwise provided in this Order—

(1) all goods imported from or exported to a customs port in Burma to or from a customs port in British India shall be deemed, for the purposes of the Sea Customs Act, 1878, to be goods imported from or exported to another customs port in British India, as the case may be; and

(2) all goods imported from or exported to a customs port in British India to or from a customs port in Burma shall be deemed for the purposes of the Sea Customs Act, 1878, to be goods imported from or exported to another customs port in Burma, as the case may be.

5.—(1) No prohibitions or restrictions other than of the nature specified in Schedule I to this Order shall be imposed on the bringing of any goods into British India from Burma or the taking of any goods from British India to Burma.

(2) No prohibitions or restrictions other than of the nature specified in Schedule I to this Order shall be imposed on the bringing of any goods into Burma from British India or the taking of any goods from Burma to British India.

6. The customs duties and cesses levied at the date of separation on goods imported into India or Burma from other countries or exported from India to Burma to other countries may be reduced in either country with, but not without, the previous consent of the Governor General or Governor of the other country, as the case may be:

Provided, first, that should either of these authorities seek the consent of the other to a reduction of the customs duty leviable on any class of goods, such consent shall not be unreasonably withheld:

Provided, secondly, that the provisions of this Article shall not apply to any reduction of duties made under Article II:

Provided, thirdly, that in the case of classes of goods which at the date of separation are not produced or manufactured in Burma the Governor General of India, after giving two months' notice of his intention to the Governor of Burma, may reduce the customs duties levied on such goods when imported into British India from other countries and that in the case of classes of goods which at the date of separation are not produced or manufactured in India the Governor of Burma, after giving two months' notice of his intention to the Governor General of India, may reduce the customs duties levied on such goods when imported into Burma from other countries:

Provided, fourthly, that if under the last preceding proviso the Governor General of India should reduce the customs duties levied on any goods, the Governor of Burma may similarly reduce the customs duties levied on such goods and if the Governor of Burma should reduce the customs duties levied on any goods, the Governor General of India may similarly reduce the customs duties levied on such goods.

7. For the purposes of section 3 of the Indian Tea Cess Act, 1903, Section 3 of the Indian Cotton Cess Act, 1923, and section 3 of the Indian Lac Cess Act, 1930, tea, cotton or lac produced in Burma shall in India be deemed to have been produced in India and tea, cotton and lac produced in India shall in Burma be deemed to have been produced in Burma.

8.—(1) Should at any time the cess leviable under any of the Acts referred to in Article 7 on any goods when exported from British India be higher than the cess leviable on such goods when exported from Burma, the Governor General of India may levy on such goods when exported from British India into Burma a cess equal to the difference between the cesses leviable in British India and Burma.

(2) Should at any time the cess leviable on any goods when exported from Burma, such goods being goods on which a cess is leviable under any of the Acts referred to in Article 7 when exported from British India, be higher than the cess so leviable in British India, the Governor of Burma may levy on such goods when exported from Burma into British India a cess equal to the difference between the cesses leviable in Burma and British India.

9.—(1) Should at any time the customs duty leviable on any foreign goods when imported into British India be higher than the customs duty leviable on such foreign goods when imported into Burma, the Governor General of India may levy on such foreign goods when imported into British India from Burma a customs duty equal to the difference between the duties leviable in British India and Burma.

(2) Should at any time the customs duty leviable on any foreign goods when imported into Burma be higher than the customs duty leviable on such foreign goods when imported into British India, the Governor of Burma may levy on such foreign goods when imported into Burma from British India a customs duty equal to the difference between the duties leviable in Burma and British India.

10.—(1) Should an excise duty be leviable in British India at the date of separation on any goods, the Governor General of India may levy a countervailing duty on such goods, the produce or manufacture of Burma when imported into British India; and should an excise duty be leviable in Burma at the date of separation on any goods, the Governor of Burma may levy a countervailing duty on such goods, the produce or manufacture of British India when imported into Burma;

Provided that in the case of steel ingots and articles manufactured therefrom the countervailing duty, if any, shall be at a rate not exceeding the appropriate rate of refund prescribed in section 7 of the Iron and Steel Duties Act, 1934.

(2) Should at any time the excise duty leviable in British India on any goods be increased, reduced or abolished, the countervailing duty leviable on such goods, the produce or manufacture of Burma when imported into British India, shall be correspondingly increased, reduced or abolished:

Provided that the advantage enjoyed by Burma in British India at the date of separation in respect of such goods, other than the commodities and articles mentioned in item 40 of the Provincial Legislative List in the Seventh Schedule to the Government of India Act, 1935, as against imports from other countries is not reduced.

(3) Should at any time the excise duty leviable in Burma on any goods be increased, reduced or abolished, the countervailing duty leviable on such goods, the produce or manufacture of British India when imported into Burma, shall be correspondingly increased, reduced or abolished:

Provided that the advantage enjoyed by British India in Burma at the date of separation in respect of such goods, other than the commodities and articles mentioned in item 40 of the Provincial Legislative List in the Seventh Schedule to the Government of India Act, 1935, as against imports from other countries is not reduced.

(4) Should at any time a new excise duty be imposed in British India on any goods produced or manufactured therein, the Governor General of India may levy a countervailing duty on such goods, the produce or manufacture of Burma when imported into British India:

Provided that the advantage enjoyed by Burma in British India at the date of separation in respect of such goods, other than the commodities and articles mentioned in item 40 of the Provincial Legislative List in the Seventh Schedule to the Government of India Act, 1935, as against imports from other countries is not reduced.

(5) Should at any time a new excise duty be imposed in Burma on any goods produced or manufactured therein, the Governor of Burma may levy a countervailing duty on such goods, the produce or manufacture of British India when imported into Burma:

Provided that the advantage enjoyed by British India in Burma at the date of separation in respect of such goods, other than the commodities and articles mentioned in item 40 of the Provincial Legislative List in the Seventh Schedule to the Government of India Act, 1935, as against imports from other countries is not reduced.

11. Nothing contained in this Order shall be construed as restricting in any way the exercise by the Governor General of India or the Governor of Burma of any of the powers conferred by section 23 of the Sea Customs Act, 1878, or by the Indian Tariff Act, 1934:

Provided that in the exercise of any of these powers each of these authorities shall have due regard to the interests of the other country and to the principles underlying the provisions of this Order and shall before exercising any of these powers ordinarily consult the other authority.

12. Should the Governor General of India after 31st March, 1937, impose a limit on the quantity of Japanese cotton piece-goods that may be imported into British India, the Governor of Burma shall also impose a limit on the quantity of such goods that may be imported into Burma. The maximum quantity so permitted to be imported into Burma in any year shall not exceed the total quantity of Japanese cotton piece-goods imported into and retained in Burma during the financial year 1934-35, goods imported into Burma and subsequently re-exported not being taken into account. The Governor of Burma may from time to time divide into categories the quantity so limited and may provide for transfers between categories.

13. Notwithstanding anything contained in this Order, the Governor General of India may prescribe the duties to be levied on goods imported from or exported to foreign countries across the land frontiers of India, and the Governor of Burma may prescribe the duties to be levied on goods imported from or exported to foreign countries across the land frontiers of Burma :

Provided that in prescribing such duties and in the administration of the land customs each of these authorities shall have due regard to the principles underlying the provisions of this Order and shall, so far as local conditions permit, safeguard the interests of the other country, if the import of any class of foreign goods across the land frontier otherwise than on payment of the duties leviable on similar goods imported by sea affects or is likely to affect seriously the advantages enjoyed by the other country under the provisions of this Order.

14. The Governor of Burma may impose on rice exported to India a duty not exceeding that imposed on rice exported to other countries.

15. The provisions of the Sea Customs Act, 1878, and of any rules made thereunder relating to coasting vessels and to goods imported or exported in such vessels shall continue to be applied to vessels plying between ports in India and ports in Burma.

16. Ships employed in trading between ports in India and ports in Burma shall both in India and Burma be deemed to be "home trade ships" and "coasting ships" for the purposes of the Indian Merchant Shipping Act, 1923; and ships which prior to that date of separation were entitled to exemption under section 218 of the said Act from the provisions of that Act relating to load lines shall continue to be so entitled.

17. This Order shall remain in force for three years from the date of separation :

Provided that in case neither the Governor General of India nor the Governor of Burma shall have given notice to the other twelve months before the expiry of this period of his intention to terminate the operation of this Order, the Order shall continue in force until the expiry of twelve months from the date on which such notice shall have been given.

18. In the event of any dispute between the Governor General of India and the Governor of Burma as to the interpretation or application of any of the provisions of this Order, the matter shall be referred to one of His Majesty's principal Secretaries of State whose decision shall be final.

19. For the purposes of this Order the expression "foreign goods" means goods which are the produce or manufacture of any country other than British India or Burma.

20. For the purposes of this Order, goods shall be deemed to be the produce or manufacture of British India or of Burma which satisfy the following conditions :—

(1) where the goods are unmanufactured, that they have been grown or produced in British India or in Burma, as the case may be;

(2) where the goods are manufactured—

(i) that they have been wholly manufactured in British India or in Burma, as the case may be, from material wholly produced in that country; or

(ii) that they have been wholly manufactured in British India or in Burma, as the case may be, from unmanufactured material; or

(iii) that they have been partially manufactured in British India or in Burma, as the case may be, and that the final process of manufacture has been performed in that country and that the expenditure on material produced and labour performed in that

country in the manufacture of that article is not less in the case of an article specified in Schedule II to this Order than one-half and in the case of other articles than one-quarter of the factory or works cost of the article in its finished state.

Explanation.—For the purposes of condition (2) (iii) the final process of manufacture shall not be deemed to have been performed in either country in which no process other than a process of mixing, bottling, labelling, packing into retail containers or the like has been performed, but where such process as aforesaid has been performed in the country in which the final process of manufacture has also been performed, nothing herein shall render the cost of such process ineligible for inclusion in the computation of the fraction of the factory or works cost of the article in its finished state which represents the expenditure on material produced and labour performed in that country.

21. If and so long as any Indian State, having declared its adherence to the terms of this Order and of the India and Burma Immigration Order, 1935, continues to adhere thereto, the provisions of this Order shall apply in respect of such State as they apply in respect of British India, but with the substitution for references in this Order to the Governor General of India or the Governor General of references to the Ruler of such State.

Schedule I.

1. Prohibitions or restrictions relating to public security.
2. Prohibitions or restrictions imposed on moral or humanitarian grounds.
3. Prohibitions or restrictions regarding traffic in arms, ammunition and implements of war, or, in exceptional circumstances, all other military supplies.
4. Prohibitions or restrictions imposed for the protection of public health or for the protection of animals or plants against disease, insects and harmful parasites.
5. Export prohibitions or restrictions issued for the protection of national treasures of artistic, historic or archaeological value.
6. Prohibitions or restrictions designed to extend to foreign products the regime established within the country in respect of the production of, trade in, and transport and consumption of native products of the same kind.

Schedule II.

1. Machinery and component parts thereof meaning machines or parts of machines to be worked by manual or animal labour and any machines (except such as are designed to be used exclusively in industrial processes) which require for their operation less than one quarter of one brake-horse-power.
2. Carriages and carts which are not mechanically propelled and cycles (other than motor cycles) imported entire or in sections and parts and accessories thereof; excluding rubber tyres and tubes.
3. Motor cars including taxicabs and articles (other than rubber tyres and tubes) adapted for use exclusively as parts and accessories thereof.
4. Motor omnibuses; chassis of motor omnibuses, motor vans and motor lorries; and parts of mechanically propelled vehicles and accessories excluding rubber tyres and tubes.

APPENDIX II.

VALUE OF INDIA'S TRADE WITH PRINCIPAL COUNTRIES,
DISTINGUISHING PRINCIPAL ARTICLES.

Table A.

Articles.	Pre-war average.	1933-4.	1934-5.	1935-6.
(in thousands of rupees.)				
<i>United Kingdom.</i>				
Imports therefrom:—				
Animals, living	5,02	6,07	7,07	9,38
Apparel	59,29	21,40	19,78	19,10
Arms, ammunition, etc.	30,60	36,86	38,38	39,84
Artificial silk yarn	—	12,90	6,93	3,33
Artificial silk, other manu- factures	—	18,20	17,87	11,52
Asbestos	—	11,23	10,63	9,42
Belting for machinery	36,26	30,52	33,05	35,14
Bobbins	—	13,72	17,84	18,29
Books and printed matter	41,05	41,90	43,78	44,46
Boots and shoes	51,33	5,80	6,11	6,23
Building materials	59,89	23,70	28,07	30,79
Carriages and carts	19,11	3,44	5,79	6,02
Chemicals	69,55	1,49,02	1,63,51	1,74,25
China clay	—	7,60	9,36	11,29
Coal and coke	41,33	2,65	3,02	2,82
Cordage and rope	4,39	2,49	2,18	2,94
Cotton:—				
Raw	58,67	4	11,99	25
Twist and yarn	3,35,18	95,78	1,00,48	97,45
Piecegoods:—				
Grey	20,73,55	1,34,96	1,57,99	1,32,99
White	10,87,38	3,68,98	4,51,62	3,89,88
Coloured	11,29,72	3,54,11	5,04,79	3,77,67
Other manufactures	1,40,25	88,95	84,53	81,25
Cutlery	10,53	7,81	8,36	8,86
Cycles and parts	29,40	62,67	70,33	82,79
Drugs and medicines	54,03	70,69	71,09	74,79
Dyeing and tanning sub- stances	6,90	31,10	34,46	43,17
Earthenware and porce- lain	30,50	12,24	14,43	14,86
Flax manufactures	28,83	15,84	16,72	17,35
Furniture	10,84	8,84	10,61	13,55
Glass and Glassware	22,26	10,86	12,35	12,86
Haberdashery and mil- linery	61,21	12,72	12,49	11,00
Hardware... ..	1,88,61	97,56	97,97	1,04,02
Instruments, apparatus, etc.	1,04,88	2,06,32	2,47,13	2,69,88
Ivory	11,33	2,50	65	44
Jewellery, etc.	14,51	4,26	9,60	9,53
Jute manufactures (in- cluding yarn)	10,09	1,39	1,79	2,34
Leather, including hides, tanned, etc.	38,59	22,47	25,89	27,48

Table A—continued.

Articles.	Pre-war average.	1933-4.	1934-5.	1935-6.
<i>United Kingdom—contd.</i>		(in thousands of rupees.)		
Liquors :—				
Ale, beer and porter ...	45,64	45,23	45,42	47,06
Spirit	69,47	89,44	92,18	96,64
Wines	13,62	6,53	6,39	6,71
Machinery and millwork	4,97,69	8,73,47	9,15,27	9,25,92
Manures	1,68	40,78	51,49	55,89
Metals :—				
Aluminium	5,38	17,48	17,09	14,82
Brass	6,13	53,04	61,96	30,25
Copper	1,67,45	39,94	61,27	34,31
Iron	28,88	3,02	3,17	2,38
Iron or steel	6,96,13	2,83,81	3,22,97	3,56,46
Lead	13,99	4,45	3,62	4,20
Steel	42,02	31,68	39,54	48,36
Zinc	14,85	8,80	7,91	5,53
Others	27,43	16,72	20,14	18,38
Motor vehicles and parts thereof	74,50	1,54,15	1,88,54	1,87,45
Oils, mineral	22,31	29,92	34,56	30,53
Oils, vegetable, animal, etc.	17,76	10,83	11,01	10,76
Packing-engine and boiler	4,98	2,65	3,21	3,18
Paints and painters' materials	56,00	63,55	65,61	66,05
Paper and pasteboard ...	73,44	88,73	94,51	88,94
Pitch and tar	8,72	1,62	1,75	1,48
Polishes	9,48	20,28	21,35	23,34
Precious stones	14	1,94	1,98	3,90
Printing materials ...	14,70	16,69	17,53	20,94
Provisions	1,34,15	1,51,33	1,60,58	1,78,32
Railway plant, etc. ...	5,54,48	—	—	—
Rubber manufactures, including tyres, etc. ...	16,45	1,16,23	1,39,70	1,46,60
Salt	23,44	75	78	93
Ships, parts of	18,00	5,16	2,56	4,75
Silk manufactures, including yarn	19,07	8,15	13,64	9,16
Soap	56,52	63,59	53,09	27,46
Stationery	41,44	35,76	35,16	38,20
Sugar	25,37	38,12	15,78	21,00
Tallow and Stearine ...	10,43	2,15	1,41	3,16
Tea-chests	41,32	38,13	38,61	41,97
Tobacco	51,83	41,13	33,23	34,38
Toilet requisites	10,35	23,15	24,84	26,84
Toys and requisites for games	16,75	11,62	11,96	12,09
Umbrellas... ..	24,71	3,56	3,17	3,29
Woollen manufactures including yarn... ..	1,85,24	78,58	99,66	87,93
Other articles	1,50,99	2,38,94	2,91,68	3,02,13
Total	91,58,01	47,58,69	53,72,96	52,18,92

Table B.

Articles.	Pre-war average.	1933-4.	1934-5.	1935-6.
<i>Japan.</i>		(in thousands of rupees.)		
Imports therefrom :—				
Ale, beer and porter ...	3	5,04	5,20	6,13
Aluminium	—	4,05	5,98	11,55
Apparel	9,17	30,18	35,02	29,19
Artificial silk	—	1,55,81	2,70,58	2,63,98
Bobbins	—	5,21	7,79	7,94
Boots and shoes	16	32,41	19,80	13,71
Brass, bronze, etc. ...	7	32,53	39,97	43,63
Brushes and brooms ...	48	1,52	2,30	2,10
Buttons of all sorts ...	—	6,81	11,56	10,01
Camphor	11,48	13,60	12,18	12,99
Carriages	11	89	1,00	1,28
Cement	1	5,64	3,79	2,08
Chemicals... ..	93	22,81	30,01	35,95
Clocks and watches ...	1,38	7,23	7,69	8,34
Coal and coke	7,02	5	34	—
Copper	27,99	8,89	19,57	14,06
Cotton, raw	9	—	1	1
„ hosiery	65,23	72,51	53,53	46,12
„ piecegoods	6,10	4,43,20	5,19,58	6,35,26
„ yarn	6,16	95,67	1,15,95	1,79,21
„ other manufac- tures	2,12	8,02	16,10	20,34
Cycles and parts	—	18,46	18,90	16,32
Drugs and medicines (other than camphor)	1,72	5,72	3,39	6,19
Earthenware and porce- lain	4,23	25,95	25,52	26,15
Furniture and cabinet- ware	71	1,17	90	1,08
Glass and glassware :—				
Bangles... ..	5	13,39	17,71	13,53
Beads and false pearls	7,61	5,16	4,04	5,18
Bottles and phials ...	1,00	10,26	12,05	15,78
Funnels, globes, etc. ...	58	1,06	1,05	1,32
Table ware	1,41	4,06	4,44	3,76
Others	3,35	23,08	25,18	25,60
Haberdashery and mil- linery				
linery	10,88	17,22	31,58	26,14
Hardware... ..	3,59	34,77	32,15	35,62
Instruments	85	30,43	31,29	31,43
Iron or steel	—	27,49	33,05	43,16
Machinery and millwork	63	7,75	11,25	17,64
Matches	28,40	6	7	8
Paints and painters' materials	—	6,92	8,97	11,38
Paper and pasteboard ...	55	12,30	10,51	11,68
Provisions and oilman's stores	1,57	5,70	8,00	11,39
Rubber manufactures ...	—	18,30	19,06	18,98
Silk, raw	1,15	6,57	21,47	42,45
„ manufactures	1,31,45	2,10,62	2,09,30	1,63,58
Spices, ginger	3,40	23	2,08	1,76

Table B—continued.

Articles.	Pre-war average.	1933-4.	1934-5.	1935-6.
<i>Japan—contd.</i>		(in thousands of rupees.)		
Stationery (excluding paper)	2,17	9,12	9,58	13,21
Tea-chests	87	1,89	1,48	66
Toilet requisites	1,31	10,02	11,30	9,86
Toys and requisites for games	3,16	33,80	30,58	26,16
Umbrellas and umbrella fittings	4,91	17,03	17,39	18,29
Wood—timber	32	3,73	2,41	3,34
„ manufactures	71	3,72	6,38	6,35
Woollen manufactures	8	33,07	1,36,10	78,13
Other articles	9,16	84,39	1,54,49	1,54,23
Total	3,64,35	16,35,51	20,79,62	21,84,31

Table C.

Articles.	Pre-war average.	1933-4.	1934-5.	1935-6.
<i>U.S.A.</i>		(in thousands of rupees.)		
Imports therefrom :—				
Aluminium	4,26	60	1,45	18
Apparel	33	7,17	7,95	5,73
Arms	80	1,06	1,20	4,76
Belting for machinery	1,11	8,68	9,16	9,20
Boots and shoes	54	3	7	8
Building materials	88	11,08	6,53	12,99
Carriages	72	5	17	53
Chemicals... ..	22	15,54	16,54	14,19
Clocks and watches	3,82	79	1,37	1,55
Copper	—	3,82	25,52	18,95
Cotton, raw	27,72	63,98	16,01	91,60
„ piecegoods	26,44	16,69	2,13	1,82
Drugs and medicines	4,18	21,92	21,78	25,84
Dyeing substances	—	10,84	10,95	14,53
Furniture	1,44	74	78	1,38
Glassware	1,17	60	46	56
Hardware	24,72	22,76	29,72	30,74
Instruments	5,86	57,25	72,54	85,67
Iron and steel	48,56	6,75	7,62	7,58
Leather	—	8,39	9,77	10,31
Machinery	24,56	80,73	1,14,77	1,17,13
Manures	—	50	2,08	1,46
Motor vehicles and parts thereof	8,49	97,49	1,92,25	1,60,48
Oils, mineral	2,19,66	1,18,86	1,03,80	96,79
Paper and pasteboard	1,21	5,77	6,16	4,88
Provisions	3,80	13,75	15,17	17,95
Railway plant	54	—	—	—
Rubber manufactures	16	21,36	21,45	16,11
Spirit	5,34	13,95	13,34	15,70
Stationery	2,05	1,68	2,31	2,56
Sugar	18	—	—	—
Tobacco	5,90	27,10	25,85	24,64
Toilet requisites	2,22	13,30	16,50	19,60
Wood and timber	6,56	3,58	5,09	5,17
Zinc	1	4,11	11,76	6,25
Other articles	15,58	56,89	69,20	66,50
Total	4,49,03	7,17,81	8,41,45	8,93,41

Table D.

Articles.	Pre-war average.	1933-4.	1934-5.	1935-6.
<i>Germany.</i>				
Imports therefrom :—		(in thousands of rupees.)		
Apparel	14,87	8,33	5,97	7,71
Bobbins	—	2,85	2,42	3,37
Building materials ...	6,72	41	59	63
Buttons	—	3,88	4,81	5,35
Carriages	2,81	73	61	1,11
Chemicals... ..	10,62	34,37	38,94	44,64
Clocks and watches ...	1,36	3,62	2,91	4,27
Cutlery	7,95	13,74	14,72	16,29
Cycles	1,75	6,10	7,72	8,11
Drugs and medicines ...	6,19	42,79	44,14	54,06
Dyeing substances ...	87,40	1,36,79	1,91,71	2,01,79
Glassware	23,69	13,44	13,91	18,49
Hardware	57,24	86,14	95,39	1,08,38
Instruments	13,57	55,94	68,00	74,09
Leather	76	5,32	6,36	8,06
Liquors	19,41	14,57	14,32	16,06
Machinery	30,27	1,31,77	1,26,58	1,64,38
Manures	2,20	2,41	2,16	2,03
Metals :—				
Aluminium	12,16	5,94	3,55	15,06
Brass	1,56	50,32	64,72	57,01
Copper	93,41	32,29	30,15	41,82
Iron	2,86	55	91	4
Iron or steel	86,97	37,27	50,18	93,00
Steel	65,19	3,68	3,37	5,84
Zinc	3,24	2,61	3,98	6,78
Motor vehicles and parts thereof	5,64	5,32	6,78	13,80
Oils	19,57	7,74	8,23	15,06
Paints and painters' materials	5,58	9,20	9,14	10,38
Paper and pasteboard ...	21,82	20,18	26,09	57,22
Paper-making materials...	1,61	73	47	2
Printing materials ...	1,02	4,93	5,32	7,16
Provisions	5,50	2,04	1,48	1,88
Railway plant	12,19	—	—	—
Rubber manufactures ...	3,82	8,99	13,01	16,45
Salt	9,46	8,43	9,74	13,98
Stationery	5,04	14,54	17,91	18,33
Toilet requisites	2,93	3,63	4,68	4,10
Textiles :—				
Artificial silk	—	6,79	2,61	2,49
Cotton manufactures (including yarn) ...	83,71	2,95	4,39	4,12
Haberdashery	22,10	9,71	8,02	9,94
Silk manufactures ...	16,81	3,19	3,94	2,38
Wool manufactures ...	90,62	15,80	19,15	13,31
Toys	11,10	3,06	2,60	2,79
Umbrellas... ..	7,66	5,02	5,92	7,22
Other articles	57,18	60,40	62,93	76,31
Total	9,35,56	8,88,51	10,10,53	12,35,31

Table E.

Articles.	Pre-war average.	1933-4.	1934-5.	1935-6.
<i>Belgium.</i>		(in thousands of rupees.)		
Imports therefrom :—				
Arms	26	2,27	67	91
Artificial silk	—	1,26	72	1,29
Building materials	4,04	1,71	1,65	1,74
Cotton manufactures	42,12	1,16	1,77	1,85
Dyeing and tanning ... substances	10,82	2,02	22	3,14
Earthenware and porce- lain	3,45	49	30	22
Glass and glassware	16,92	10,75	12,55	13,67
Hardware... ..	5,58	2,85	3,47	3,32
Liquors	1,50	1,58	1,01	86
Machinery and millwork	1,76	42,60	16,74	27,53
Manures	75	1,92	2,37	2,10
Metals :—				
Brass	37	66	41	83
Copper	3,54	1,07	84	1,21
Iron	15,95	61	54	3
Iron or steel	45,46	55,75	58,50	76,97
Steel	63,54	27,42	29,24	22,69
Motor vehicles and parts thereof	4,15	24	17	49
Paints and painters' materials	2,08	2,54	2,03	2,66
Paper and pasteboard	5,00	4,28	3,36	3,38
Precious stones	1	55,21	33,83	29,65
Provisions	1,41	3,22	2,37	2,83
Railway plant	4,28	—	—	—
Sugar	29	2,97	1,94	28
Woollen manufactures	2,11	4,79	1,45	58
Other articles	40,61	38,76	39,68	45,41
Total	2,76,00	2,66,13	2,15,83	2,43,64

Table F.

Articles.	Pre-war average.	1933-4.	1934-5.	1935-6.
<i>Italy.</i>		(in thousands of rupees.)		
Imports therefrom :—				
Apparel	6,98	3,04	2,96	1,50
Arts, works of	45	46	83	67
Building materials	2,57	3,32	2,35	3,23
Buttons	—	3,66	2,45	1,08
Chemicals	4,72	15,46	13,79	11,03
Dyeing and tanning substances	1,49	3,20	3,54	3,45
Fruits and vegetables	8,48	20,37	18,22	15,76
Glassware... ..	4,26	2,30	2,95	2,54
Instruments	1,70	7,23	8,76	7,31
Liquors	78	2,14	1,79	1,97
Machinery	1,44	13,16	12,10	12,40
Metals :—				
Aluminium	9	32	12	16
Brass	1,09	3	5	6
German silver... ..	—	3,80	2,63	2,37
Quick-silver	—	6,08	3,08	5,87
Others	67	3,76	6,37	4,81
Motor vehicles and parts	66	7,53	7,03	4,06
Paper and pasteboard	79	2,22	2,49	1,73
Rubber manufactures	13	4,20	1,57	42
Stone and marble	2,48	4,19	5,00	5,59
Sugar	23	—	—	—
Textiles :—				
Artificial silk yarn	—	37,57	46,25	23,89
Cotton, raw	11	—	—	—
„ twist and yarn	4,98	17	5	—
„ manufactures... ..	45,22	2,04	8,99	3,30
Haberdashery and millinery	4,32	6,87	8,77	5,12
Silk manufactures	19,83	5,78	8,52	7,45
Piecegoods of cotton and artificial silk	—	16,32	9,03	3,68
Wool manufactures	4,07	61,03	71,41	41,93
Other articles	27,30	55,03	50,73	28,75
Total	1,44,84	2,91,28	3,01,83	2,00,13

The following is a list of the reports by H.M. Trade Commissioners, Commercial Diplomatic Officers and Consular Officers on the commercial, industrial and financial conditions in the undermentioned countries published for the Department of Overseas Trade by His Majesty's Stationery Office during recent years, and in the case of the current year either issued or under contemplation at the time of the publication of this report.

A.—1934.

No.		No.	
577	Angola ... 1s. 6d. (1s. 7d.)	588	Morocco ... 2s. 3d. (2s. 5d.)
563	Belgian Congo ... 2s. 6d. (2s. 8d.)	572	Paraguay ... 1s. 6d. (1s. 7d.)
581	France ... 7s. 0d. (7s. 9d.)	592	Peru ... 2s. 0d. (2s. 1d.)
579	Greece ... 2s. 0d. (2s. 2d.)	591	Turkey ... 1s. 6d. (1s. 7d.)

B.—1935.

No.		No.	
616	Algeria, Tunisia, and Tripolitania 3s. 0d. (3s. 2d.)	598	Honduras ... 1s. 9d. (1s. 10d.)
626	Australia ... 3s. 6d. (3s. 8d.)	622	Iran ... 2s. 3d. (2s. 4d.)
625	Austria ... 2s. 6d. (2s. 8d.)	603	Latvia ... 1s. 6d. (1s. 7d.)
602	British Malaya ... 2s. 0d. (2s. 2d.)	618	Newfoundland ... 2s. 0d. (2s. 1d.)
594	Brit. W. Indies ... 4s. 0d. (4s. 2d.)	596	Nicaragua... 1s. 0d. (1s. 1d.)
595	Bulgaria ... 2s. 6d. (2s. 8d.)	620	Palestine ... 3s. 0d. (3s. 2d.)
623	China ... 3s. 0d. (3s. 2d.)	601	Persian Gulf ... 1s. 3d. (1s. 4d.)
614	Cuba ... 1s. 6d. (1s. 7d.)	611	Philippine Islands 9d. (10d.)
615	Cyprus, Malta and Gibraltar ... 2s. 6d. (2s. 8d.)	624	Port. E. Africa ... 2s. 0d. (2s. 1d.)
612	Czechoslovakia ... 2s. 0d. (2s. 2d.)	607	Siam ... 1s. 9d. (1s. 10d.)
599	Ecuador ... 1s. 6d. (1s. 7d.)	606	Spain ... 1s. 6d. (1s. 7d.)
621	Egypt ... 3s. 0d. (3s. 2d.)	605	Sweden ... 3s. 0d. (3s. 2d.)
		600	United States ... 5s. 0d. (5s. 3d.)
		610	Venezuela... 1s. 6d. (1s. 7d.)

C.—1936.

No.		No.	
639	Argentine Rep. ... 1s. 6d. (1s. 8d.)	642	Mexico ... 1s. 0d. (1s. 1d.)
656	Belgium ... 2s. 0d.	647	Netherlands ... 1s. 3d. (1s. 5d.)
630	Brazil ... 2s. 6d. (2s. 8d.)	637	Netherlands E.I. 2s. 0d. (2s. 2d.)
648	Brit. E. Africa ... 1s. 6d. (1s. 7d.)	651	New Zealand ... 2s. 0d. (2s. 2d.)
655	Canada ... 3s. 6d.	657	Norway ... 2s. 0d.
646	Chile ... 1s. 6d. (1s. 8d.)	645	Panama and Costa Rica ... 1s. 0d. (1s. 1d.)
654	Denmark ... 1s. 6d. (1s. 8d.)	643	Poland ... 1s. 0d. (1s. 1d.)
638	Dominican Rep. and Hayti ... 1s. 3d. (1s. 4d.)	652	Portugal ... 2s. 0d. (2s. 2d.)
636	Estonia ... 9d. (10d.)	644	Roumania... (1s. 3d. 1s. 4d.)
635	Finland ... 1s. 3d. (1s. 5d.)	631	Salvador ... 6d. (7d.)
—	French W. Africa... <i>(In preparation)</i>	633	South Africa 1s. 3d. (1s. 5d.)
641	Germany ... 5s. 0d. (5s. 5d.)	634	S. and N. Rhodesia and Nyasaland... 1s. 3d. (1s. 5d.)
629	Hungary ... 1s. 0d. (1s. 1d.)	640	Switzerland ... 1s. 3d. (1s. 5d.)
658	India ... <i>(see cover)</i>	650	Syria ... 9d.
627	Iraq ... 1s. 0d. (1s. 1d.)	628	Uruguay ... 9d. (10d.)
653	Japan ... 2s. 6d. (2s. 8d.)	649	Yugoslavia ... 1s. 0d.
632	Lithuania... 9d. (10d.)		

A substantial reduction has been made in the annual subscription, which now stands at the low figure of £2, for this series of reports. This subscription entitles subscribers to receive, post free, all reports published during any one year.

(The above publications can be obtained from the addresses given on the title page of this report. All prices are net, and those in parentheses include postage.)

The State of Trade

A reliable view of the state of world trade, sufficiently trustworthy to form the basis for industrial and commercial planning, can be obtained by study of the special Government Publications containing the statistical and other facts upon which such a view must depend.

Accounts relating to the TRADE AND NAVIGATION
OF THE UNITED KINGDOM (Monthly)

Annual subscription 57s.

Accounts relating to the TRADE AND COMMERCE
OF CERTAIN FOREIGN COUNTRIES AND
BRITISH COUNTRIES OVERSEAS (Quarterly)

Annual subscription 4s. 6d.

COLONIAL OFFICE ANNUAL REPORTS

Annual subscription 50s.

BOARD OF TRADE JOURNAL (Weekly)

Annual subscription 30s.

MINISTRY OF LABOUR GAZETTE (Monthly)

Annual subscription 7s.

His Majesty's Stationery Office

LONDON, W.C.2 : Adastral House, Kingsway

EDINBURGH 2 : 120 George Street

MANCHESTER 1 : 26 York Street

CARDIFF : 1 St. Andrew's Crescent

BELFAST : 80 Chichester Street

or through any bookseller



Statistical Abstract for the United Kingdom

This work provides a wealth of statistical material not rivalled by any other single volume. Its twelve sections deal with the following subjects:—

Climate,
Population, Natural Increase and Migration,
Social, Civil and Industrial Conditions,
Defence,
National Finance,
Local Government Finance,
Trade and Commerce,
Banking, Currency and Wholesale Prices,
Provident Association, Life Assurance,
Joint Stock Companies, Patents and Insolvency
Agriculture and Fisheries,
Mining and Metals,
Transport and Communications.

Each section is sub-divided and its various aspects dealt with separately. As the statistics relate to the period 1921–1934 they provide materials for a survey of national development in the post-war period. As usual this, the 79th volume, provides comparisons with each of the immediately preceeding fourteen years and with 1913.

Roy. 8vo. xv+436 pp. 6s. 6d. net, post free 7s.

Statistical Abstract for the British Empire

A similar volume of general statistics. The Mandated Territories under Condominion are also included. The topics on which statistics are provided include:—

Area,
Population,
Prices,
Wages,
Agriculture,
Mineral Production,
Manufacturing Industries,
Transport and Communications,
Trade and Commerce,
etc. etc.

The 65th number deals with each of the 10 years 1926–1935.

Roy. 8vo. xviii+331 pp. 5s. net, post free 5s. 6d.

His Majesty's Stationery Office

LONDON, W.C.2 : Adastral House, Kingsway
EDINBURGH 2 : 120 George Street
CARDIFF : 1 St. Andrew's Crescent
MANCHESTER 1 : 26 York Street
BELFAST : 80 Chichester Street
or through any bookseller

BRITISH INDIA

Annual Statistical Abstract, 1923-33

This, the sixty-seventh number of the Abstract, provides comparative figures for each year from 1923-24 to 1932-33. The information is classified in sub-heads under titles of:—

Area and Population	Justice, Police and Prisons
Registration	Finance
Coinage and Currency	Banks
Municipalities	District and Local Boards
Education	Press
Co-operative Societies	Land Tenure
Forests	Emigration
Pilgrims	Port Trusts
Vital Statistics	Native Passenger Ships
Mental Hospitals	Medico Legal Investigations
Roads	Railways
Shipping	Foreign Trade
Merchandise Marts	Coasting Trade
Joint Stock Companies	Wrecks
Insurance Companies	Life Assurance
Post Office	Telegraphs and Telephones
Meteorology	Irrigation
Prices	Industries
Factories	Trade Unions
Patents	Mineral Production

With an index

Roy. 8vo. 951 pp. 14s. net (14s. 6d.) post free

Condition, Moral and Material Progress

1933-34

The sixty-ninth number of a concise and comprehensive survey of the activities of the INDIAN ADMINISTRATION. In addition to the usual review of economic factors this report includes, with a coloured map, a section on the Bihar earthquake. Other chapters deal with:—

Politics and Administration	Defence and Emigration
Agriculture and Industry	Communications
Commerce	Finance
Health and Education	Scientific Surveys

Roy. 8vo. 196 pp. 3s. 6d. net (3s. 9d.) post free

HIS MAJESTY'S STATIONERY OFFICE

LONDON W.C.2 : Adastral House, Kingsway
 EDINBURGH 2 : 120 George Street
 CARDIFF : 1 St. Andrew's Crescent
 MANCHESTER 1 : 26 York Street
 BELFAST : 80 Chichester Street

